SUPERMARKET BUSINESS

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VOLUME 47/NUMBER 3
MARCH 1992

WHO'S PUTTING THE BITE ON THE SUPERMARKET?

9th Annual
Product Preference Study

An exclusive report on share of 313 categories by class of trade

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SUPERMARKET BUSINESS

MARCH 1992

VOLUME 47
NUMBER 3

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9TH ANNUAL PRODUCT PREFERENCE STUDY

CLASS OF TRADE COMPETITION: WHO GETS WHAT? 25
DAVID LITWAK & NANCY MALINE

Are you really being clubbed by the clubs? Take a look at this year's Product Preference Study and find out. In easy-to-read bar chart form, we show what share of each product's sales goes through supermarkets, warehouse clubs, mass merchandisers and other outlets.

WHERE TO FIND EACH CATEGORY

DRY GROCERY-FOOD	45	Spices/Extracts/Misc. Grocery	52	**DAIRY**	62
Baby Foods	45	Family Beverages	52	**FROZEN FOOD**	64
Baked Goods	45	Soft Drinks	52	**GENERAL MERCHANDISE**	66
Breakfast Foods	45	Beer	54	Auto Supplies	66
Candy	46	Wine	54	**HEALTH & BEAUTY AIDS**	66
Canned Fruits/Juices/ Vegetables	46	**DRY GROCERY-NONFOOD**	54	Baby/Children's HBA	66
		Household Cleaners	54	Cosmetics	66
Desserts/Baking Ingredients	46	Household Supplies	56	First Aid/Skin Care	68
Oils/Dressings/Condiments	48	Laundry Supplies	56	Hair Care	68
Packaged Specialty Foods	48	Paper/Plastic Products	56	Miscellaneous HBA	70
Refrigerated Meats	50	Pet Products	60	Oral HBA	70
Sauces	50	Soaps, Non-Laundry	60	OTC Remedies	71
Snacks	50	Tobacco	62	Shaving Needs	71

INSTORE

SEESSEL'S: COOKING UP A WHOLE NEW GAME PLAN CAROL FENSHOLT 75

In just one year, this Memphis independent has virtually reinvented itself, remodeling and enlarging two of its former seven stores, and building three new ones. Greatly expanded foodservice and 100-seat restaurants are key to the new strategy.

NONFOODS BUSINESS

TWO DIFFERENT PRESCRIPTIONS FOR PHARMACY GROWTH MIKE DUFF 95

Safeway and Cub Foods both have new strategies for building their pharmacy business...but each approach is very different from the other. Which would be more in tune with your market and operating philosophy?

COLUMNS & DEPARTMENTS

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Cover illustration: Doug Archer

RETURN OF THE REGULAR PRICE

By Ken Partch,
Editor-In-Chief

With such a mild winter in the Northeast, one can't help thinking of springtime as the days get longer and sometimes warmer. I thought I would call my friend Norman, the grocer, in the far reaches of northwestern Maine. The reason I call Norman is to find out when the ice will be out of the lakes so that I can plan a fishing trip. Norman also fills me in on the latest directions in grocery technology. Norman keeps up.

Actually, I hadn't talked to Norman in years, so I wondered what he was up to. The last time we talked, Norman was all excited about Von Clausewitz, and was busy setting up a "war room" in order to compete more effectively. Although Norman's superette has only two checkouts and 3,000 sq. ft., Norman is always ready for anything. I never call the store a superette to Norman. It would hurt his feelings.

"Hi, Norman, how are things?" Like most Mainers, Norman doesn't stand on formalities, and doesn't waste many words. You can get right to the point.

"If you mean business, it's lousy. On the other hand, spring and summer shouldn't be too bad, because the tourists will be staying home--that is, home in the U.S.--maybe. By the way, they call me Stormin' now."

"Because of Schwarzkopf?," I asked.

"Nah, they called me that before they did him. Because of my war room."

"Oh, yeah, the war room," I laughed. "How did that ever work out?" Norman had built a mezzanine over the checkouts for his war room. This was an idea he picked up at a convention. It had a huge map on the wall with colored ribbons and pins for every department and every "competitor," no matter how far away.

"Worked fine until I needed more room for expansion."

"Expansion?" I asked, almost nervously. Norman could get carried away.

"Sure," said Norman. "I needed room for a salad bar and hot take-out foods. We make fresh pizza now."

"Norman!" I exclaimed. "You make fresh pizza all winter?"

"'Course not," said Norman. "Just in spring and summer. Fall for the hunters. In winter it would freeze before you got to your pickup."

My thoughts were stuck between Hi-Lo pricing and EDLP, so I thought I'd call on my old friend, Norman, who runs a grocery store deep in the north woods of Maine.

"Well, Norman, I called to see if you could tell me when the ice would be out."

"Any time now," said Norman.

Norman is like some people who can't resist telling a motorist how to get someplace, even if they don't know. It makes him feel bad. He is also like most doctors who can't say 'I don't know' if you ask him something he doesn't know.

"With such a mild winter, it could be early," said Norman. "On the other hand, if we have a cold spring it could go into Easter."

"Thanks, Norman," I said, and hoped that would be the end of it, because Norman tends to get locked into a thought, sometimes, for a man of few words.

"I thought you called to ask about our new pricing program," Norman uncharacteristically volunteered.

"New pricing program?" I asked, fearing the worst.

"Yeah," said Norman, "we're going to regular prices on the weekend."

"What do you mean? You've never charged regular prices. You've always been higher than everybody else. You're the only store in town."

"I'm getting competition, but I'm going to be ready. I may have to make room for the larger packs, too."

"But Norman, I mean Stormin', where's the competition? Maybe from Lincoln, but even that's 60 miles from you."

"They stock up on the way up from Boston and Bangor. Don't forget, there's a superstore in Lincoln. But it's worse than that."

"What do you mean it's worse than that? Is somebody opening a store near you? In Holton? That's 45 miles north," I said.

"No," said Norman. "Not Holton. There's a club coming to Bangor."

"Norman, Bangor is 100 miles away. That can't be competition."

"Yes, it can. The fishermen and the tourists could pick up enough stuff to last them for weeks. Maybe the whole summer. You can't be too careful."

"You're right about that, Norman," I said. "What are you going to do?"

"You heard about Procter's move into EDLP?"

"Yes," I said. "I've heard." Which of course he knew.

"Well, to protect my franchise, I'm going to RLPEW." Norman always used the correct vernacular.

I feared the worst, but ventured anyway. "All right, Norman, what's RLPEW?"

"Regular Low Prices Every Weekend. I'm having the flyers made up right now. That's when most of the fishermen and vacationers come

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SUPERMARKET BUSINESS

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TRADESCAN

THE WINNERS!

January Players Beat Tough Odds To Win Watchman

Is SUPERMARKET BUSINESS's monthly contest a little-known cure for a New Year's hangover? Or have hundreds of readers suddenly made a resolution to take part in the contest each month?

Whatever the reason, SB's January contest drew an overwhelming response, with hundreds of entries mailed in. Since 483 of them were correct, the winners had to beat harder-than-usual odds of being picked at random.

"It's about time!" exclaimed Douglas Manser, executive store manager of a D'Agostino's Supermarket at 2131 Broadway in New York City. The 24-year industry veteran has been reading SB and entering the contest for more than 10 years.

"Neat!" said Shari Pemrick, produce buyer at Fairway Foods in Northfield, Minn., when told of the Sony Watchman prize. She's worked in supermarkets for five years, and recently became an SB reader, winning the contest in only her second try.

While Pemrick is eagerly awaiting the arrival of her first hand-held TV, Manser already has a Watchman. For him, one is enough. But he's still looking forward to its arrival. "I can always raffle it off to a worthy employee in the store," he says.

Cattlemen's Group Yelling Fowl Over USDA'S Consumption Stats

Conventional wisdom says Americans continue to eat more chicken than beef, and 1991 USDA consumption figures would appear to back it up: 76.2 lbs. per capita for chicken, 67.6 lbs. for beef.

But the National Cattlemen's Association (NCA) refutes that comparison, claiming that the 67.6 lbs. of beef includes trimmed and boneless retail cuts, while the 76.2 lbs. of chicken includes whole carcasses. NCA estimates that adjusting the retail weight for chicken to account for that fact would bring the actual total to 55.5 pounds per person.

Taking their beef a step further, NCA estimates that the boneless edible weight of beef consumed per capita amounts to 63.8 pounds, still well above the boneless total for chicken (47.8 lbs.)

"The fact is that amounts of chicken actually purchased and eaten by consumers are considerably smaller than the generally reported figures," says Chuck Lambert, NCA director of economics.

Predictably, NCA's 1992 beef forecast is bullish: Lambert predicts that record supplies, stable prices, and growing consumer interest in close-trimmed cuts and low-fat ground beef will help keep beef in the number-one slot for years to come.

Close Encounters: A UFO Letter To the Editor

Dear SUPERMARKET BUSINESS

In last month's issue, your 10th Annual Deli Operations Review says 6% of supermarket delis are "Lost in Traffic Pattern" (p. 52). Maybe someone should drop a few bread crumbs...or, shrimp salad!

Signed, U.F.O.

Your unidentified Food/nonfood observer

Editor's note: Oops. That should have been, "Last in Traffic Pattern."

NEW PRODUCTS IN GROCERY AND DRUG STORES

1987	14,241	+14.6%
1988	13,421	-5.8%
1989	13,384	-0.3%
1990	15,879	+18.6%
1991	15,401	-3.0%

Major Vendors Stepping Up New Product Intros As Economy Halts Activity of Smaller Players

With economic conditions hampering new product introduction activity by small firms, the larger players are using their muscle to grab even bigger chunks of supermarket shelf space, with aggressive new item barrages.

"The recession has temporarily halted the growth in total new products," says Richard Lawrence, president of Marketing Intelligence Services (MIS) of Naples, N.Y., noting an overall 3% decline from last year's record 15,879 products. But he adds that "many of the larger packaged goods firms increased their number of new products."

Tracking new product activity among the 10 largest marketers of new products in 1990 and 1991, Lawrence found that the biggest 10 marketers accounted for 1,867 new products in 1991, about 12% of the total. in 1990, that ratio was about 10%.

"These companies are thinking longer-term," Lawrence says. "They expect to emerge in a stronger position than others, especially second and third tier competitors, whose weaker market positions have forced them to cut back investment in fundamental business-building.

While new products as a whole edged downward 3%, subcategories were more turbulent.

In the general food category, there were 8,061 new products introduced in 1991, a 10.6% decline from 1990's record levels. But in the beverage category, the number of new products rose by 11.4%, to 1,805 items.

MIS also noted strong gains in HBA new products (up 14.3%, to 4,035 items) and pet products (up 16.3%, to 228 items). Household items declined 10%, to 829 items. And the number of new products in the miscellaneous "other" category plunged 43.8%, to 443 items.

Philip Morris Cos. once again ranked first in the number of new products introduced (288, up from 275 in 1990). Others in the top 10 are Procter & Gamble (279 new products), Avon (278), ConAgra (183), Grand Metropolitan (166), Unilever U.S. (161), Revlon (147), Campbell Soup Co. (134), Nestle (134) and Wessanen USA (97).

The percentage of new products making environmental claims increased from 11.4 to 13.4%. Nutritional claims also increased, rising from 31.8 to 33.3% of the total.

Lawrence predicts new restrictions on such claims will probably curb continued growth. He adds that, given the state of the economy and the lag between new product planning and product introductions, there should be "no more than a small growth" in 1992's new product numbers.

Crash Course: President Bush got more than he bargained for in the course of his visit to the NCR Booth at the NGA Convention last month: A crash course in supermarket technology, and a barrage of media attention. Among the publicity that followed: Jay Leno's *Tonight Show* spoof of the president, transfixed by the "technology" of an automated supermarket door.

Public Affairs Conference Set

FMI, NAWGA/IFDA and the National Association of Convenience Stores (NACS) will host the fifth annual Public Affairs Assembly at the Hyatt Regency Hotel in Washington D.C. March 23-24.

The theme of this year's meeting is "Take a Stand on Platform '92." Speakers include Sen. Phil Gramm (R-Tex.) and analyst/author Charles Cook. Top issues include health care, tax policy and OSHA reform.

9TH ANNUAL

PRODUCT PREFERENCE STUDY

COMPETITION BY CLASS OF TRADE

Who's taking a bite out of the supermarket dollar?

SUPERMARKET BUSINESS and Nielsen Marketing Research join forces to reveal supermarkets' share of sales in more than 300 key product categories — and show who's getting the rest.

by DAVID LITWAK and NANCY MALINE

ILLUSTRATION DOUG ARTHUR

Talk to retailers across the country, and you will hear real concerns about the B.J.'s opening down the road, or the role that Wal-Mart will play in their market area, or the sales they'll lose to a new Phar–Mor.

But do these other classes of trade really cut into supermarket sales? And if so, in which categories have they done the most damage? To reveal the actual impact of warehouse clubs, mass merchandisers, drug stores and convenience stores on supermarkets, SUPERMARKET BUSINESS presents this exclusive report of sales distribution by category among the various classes of trade.

The study uses information developed by Nielsen Marketing Research, which apportions the total unit sales of 313 product categories by giving the share of sales through each type of outlet.

Looking at 52 weeks of consumer purchases in these categories, it is clear that supermarkets remain the dominant force, selling vastly more food than any other class of trade. Even when all other relevant classes of trade are combined, they take only a small portion of the share now enjoyed by supermarkets.

However, as one moves into the nonfoods areas, the shift in share totals becomes pronounced.

Supermarkets still sell the majority of household supplies, but give up some share to mass merchandisers ... in HBA categories, they run fairly close to mass merchandisers, with drug outlets a close third in many product lines ... and in general merchandise categories tracked for this study, mass merchandisers are clearly the dominant players.

Actually, it may not be a matter of supermarket operators having lost sales share to the drug chains and mass merchandisers in the HBA and GM category groups. Rather, the supermarket may have taken business from these other classes of trade over the past decade, and is now fighting to keep those gains.

Let's look at the "outside" competition, beginning with mass merchandisers. It appears that supermarkets have more to fear from these discounters than from any other class of trade, especially in the household supplies and nonfoods categories. Out of the 313 categories in this study, mass merchandisers have at least a 25% share in over 80 categories.

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NIELSEN AND HOW THE STUDY WAS DONE

The Nielsen Databases - Tracking Movement and More

Nielsen Marketing Research, from its international headquarters in Northbrook, IL, supplies a wide range of services that help the packaged goods industry screen, plan, test and evaluate individual brands and marketing programs. Nielsen Marketing Research provides comprehensive information on sales volume, shares, trends, pricing, promotion, distribution and inventory levels to the grocery, health and beauty care, tobacco, snack foods, and beverage industries.

Since the early 1970s, Nielsen Marketing Research has been associated with the electronic collection of sales data. Today, the company offers a full range of scanner-based capabilities, ranging from comprehensive national services to specific local market measures. There are more than a dozen client service offices located throughout the United States.

How The Information Was Compiled

The data for SUPERMARKET BUSINESS's Ninth Annual Product Preference Study was compiled by Nielsen Marketing Research directly from its national SCANTRACK service. The data is based on SCANTRACK's national sample of 3,000 scanner-equipped stores. These stores are part of more than 800 retail organizations in 50 markets.

In addition to this scanner-based product movement data, the information contained in the following pages was supplemented with consumer purchase behavior data gathered from SCANTRACK's National Electronic Household Panel.

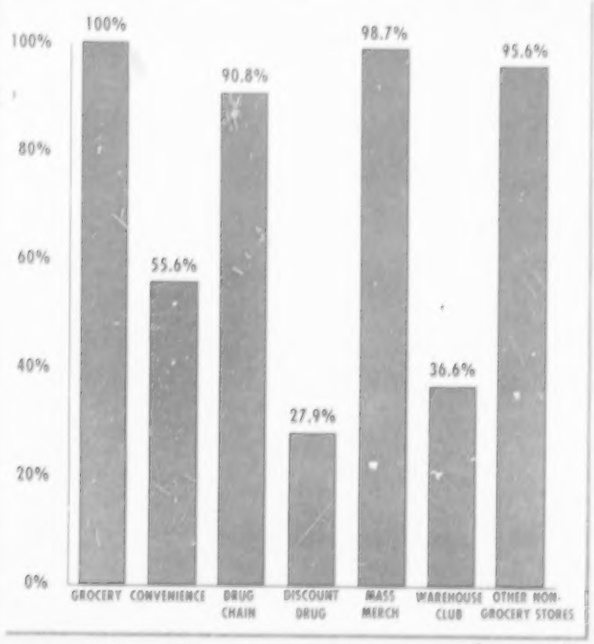
This panel includes 15,000 households (which will be expanded to 40,000 during 1992). Panel members use hand-held scanners to record their purchases, the prices they paid, and causal data such as coupon usage. These purchase records can then be tied back to the household demographic files on each panel member. The panel is geographically and demographically constituted to represent the entire U.S. The data in the study represents 52 weeks of purchase information from both the in-store and household scanners, ending March 1991.

Nielsen Marketing Research also offers its clients a wide array of other exclusive services, including: Nielsen Workstation, Nielsen Precision, Nielsen Sales Advisor, Nielsen's Retail Information Group with its Spaceman III software and Nielsen's television, newspaper and magazine tracking services.

For more information on any of these services, contact Nielsen Marketing Research, Nielsen Plaza, Northbrook, IL 60062-6288, or call (708) 498-6300.

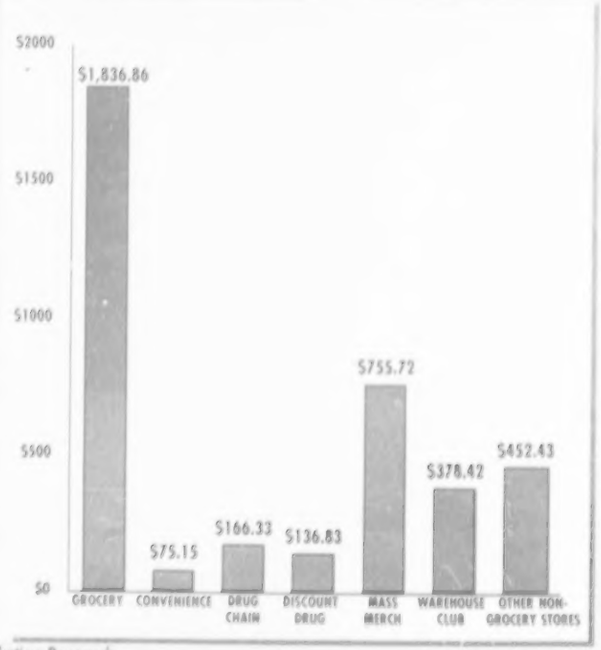
Where Consumers Shop

PERCENT OF HOUSEHOLDS SHOPPING EACH OUTLET DURING THE YEAR



How Much They Spend

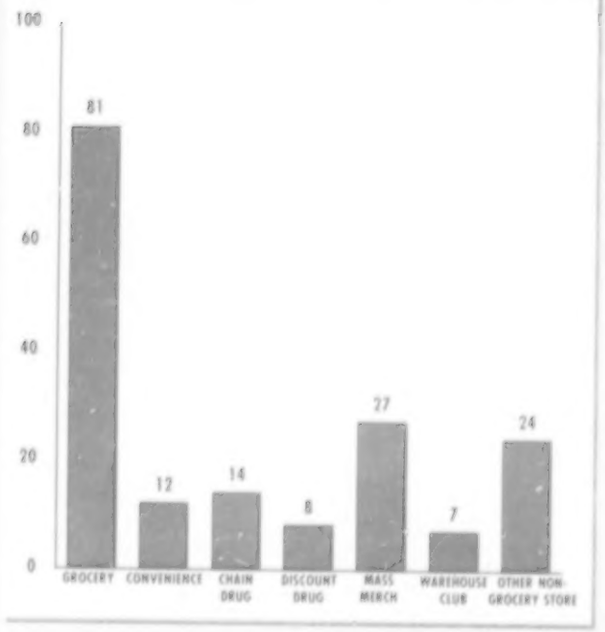
AVERAGE YEARLY EXPENDITURES



Source: Nielsen Marketing Research

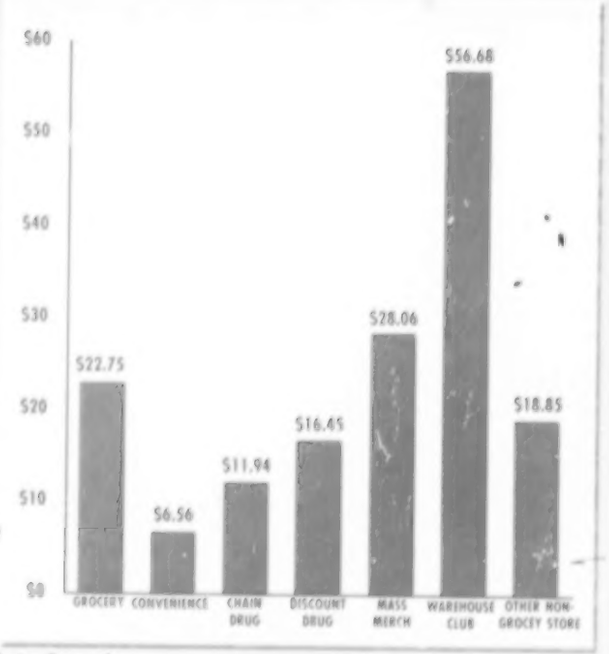
How Often They Shop

Average Number of Yearly Shopping Trips



What They Spend Each Time

Average Expenditures Per Shopping Trip



Source: Nielsen Marketing Research

Continued from page 26

But while troublesome in the high margin GM and HBA categories, these discounters have not yet cut into the food sections of the supermarket. The only food items in which the discounters have a high share are a few categories of candy.

With the recent inroads into the grocery business made by both Wal-Mart and Kmart, it is certainly worth pondering the future role of mass merchandisers in food sales, as these discounters attempt to blur the boundaries between the classes of trade even further with their blending of formats.

Drug stores still do not take much of a bite out of the grocery business. Although these outlets do their best business in HBA, commanding 28% of OTC remedies for example, their shares trail those of mass merchandisers and supermarkets in most HBA categories, especially beauty aids.

Drug stores fall far behind both mass merchandisers and

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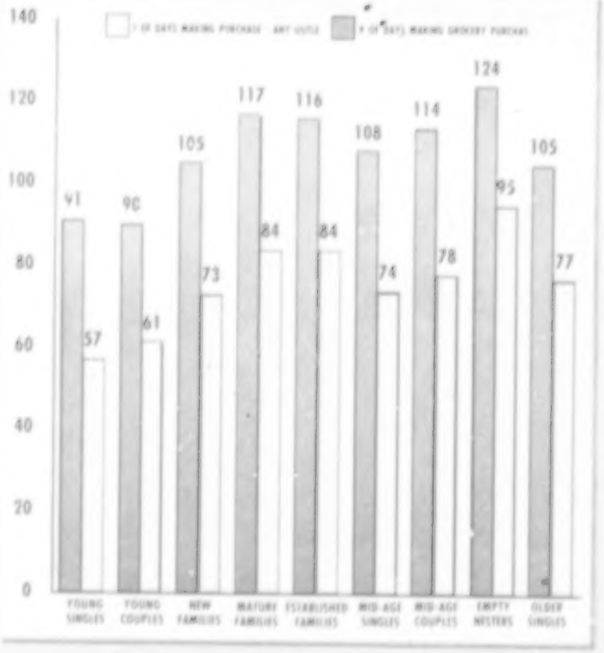
Lifestage Segments: How Often They Shop Grocery Stores

Number of Days a Year That Each Lifestage Segment Makes a Purchase in Any Outlet Type and in Grocery Stores



Source: Nielsen Marketing Research

LIFESTAGE GROUP DEFINITIONS

Young Singles - single-member household of either a female or male aged 18 - 34

Young Couples - 2+ member households with no children, and either a female head aged 18 -34with a male head age 18 - 44, or a male head aged 18 - 34 with a female head age 18 - 44

New Families - households with only pre-school age children (under 6 years old)

Mature Families - households with children, at least 1 child between 6 and 12 years old

Established Families - households whose children are over 12 years old

Middle Aged Singles - single member households with either a female or male aged 35 - 54

Middle Aged Couples - 2+ member households with a male or female head aged 35 - 54 with no children under the age of 18

Empty Nesters - 2+ member households with no children, and either a female head aged 55+ with non-male head or with a male head aged 55+

Older Singles - single member households with either a female or male head aged 55+

WHO SHOPS WHERE

DEMOGRAPHIC INFLUENCES ON CLASS OF TRADE SHOPPED	GROCERY				NON-GROCERY						
	TOTAL HOUSEHOLDS	TOTAL	GROCERS	C-STORE	TOTAL NON-GROC.	DRUG TOTAL	DRUG CHAIN	DRUG DISCOUNT	MASS MERCH.	WAREHSE CLUB	OTHER NON-GROC.
Dollars Spent by Shopper/Outlet	$3,361.50	$1,878.57	$1,836.81	$75.85	$1,505.78	$204.28	$166.33	$136.83	$755.72	$378.42	$452.43
INCOME											
Under $12,000	80*	85*	84*	123*	73*	81*	90*	49*	81*	28*	71*
$12,000-$19,999	83	85	85	108	81	91	94	76	88	44	74
$20,000-$24,999	92	93	93	97	90	88	87	90	98	76	80
$25,000-$29,999	98	96	96	94	101	99	98	102	104	93	97
$30,000-$39,999	107	107	107	111	106	104	99	125	110	103	103
$40,000-$49,999	111	111	111	93	111	106	101	126	111	128	107
$50,000-$59,999	117	115	115	89	120	115	112	130	109	174	125
$60,000+	124	117	118	73	132	123	122	124	109	193	157
HOUSEHOLD SIZE											
1 Member	66	63	63	71	69	86	90	71	62	40	83
2 Member	96	93	93	96	100	106	107	102	96	88	109
3-4 Member	117	119	119	112	114	103	99	120	120	133	102
5+ Member	139	149	149	142	126	103	105	98	138	174	105
FEMALE HEAD OF HOUSEHOLD											
Under 35 Years	96	100	101	92	91	77	71	103	99	100	81
35-44 Years	118	120	120	122	117	106	102	123	123	134	106
45-54 Years	116	111	111	105	122	115	116	112	122	136	119
55+ Years	96	95	96	64	97	116	121	98	98	81	93
55-64 Years	105	103	104	74	108	122	126	105	110	102	101
65+ Years	87	87	88	53	86	110	115	90	86	58	84
CHILDREN											
No Children Under 18	90	87	87	90	93	103	104	99	87	80	103
Any Child Under 18	119	124	125	118	113	94	92	103	124	138	94
Any Child Under 6	116	124	125	105	106	88	84	100	115	127	93
Any Child 6-12 Years	121	128	128	128	114	90	89	91	129	132	92
Any Child 13-17 Years	126	132	132	122	120	105	103	112	134	151	92
FH Employed (female head of household)	105	104	105	89	106	100	96	116	110	118	97
Full Time	103	100	101	85	106	99	93	123	109	123	99
Part Time	110	115	116	99	104	102	102	100	110	105	93
FH Not Employed	103	105	105	94	101	106	109	94	105	91	95
FH Not High School Graduate	112	113	112	174	110	113	121	78	118	102	97
FH High School Graduate	110	112	112	101	108	101	102	98	120	101	94
FH Some College	100	100	101	73	100	101	98	114	102	109	92
FH College Graduate	96	94	95	60	98	102	96	127	90	115	104
RACE											
White	101	102	102	98	99	99	99	98	100	102	98
Non-White	95	88	88	112	104	109	109	110	102	85	111
Occupation of HH Head: PROFESSIONAL	103	100	100	81	108	105	101	119	99	135	116
Occupation of HH Head: WHITE COLLAR	90	89	89	94	92	97	92	119	87	99	94
Occupation of HH Head: BLUE COLLAR	109	113	112	141	105	90	90	88	115	107	94
HH Head not in Work Force	92	92	92	81	92	106	110	90	92	67	95
LIFESTAGE SEGMENTS											
Young Singles	57	53	53	84	63	63	59	78	55	56	79
Childless Younger Couples	81	82	81	87	80	76	63	128	72	89	93
New Families	108	113	113	100	101	89	83	115	104	122	94
Maturing Families	122	128	128	129	114	91	90	92	129	131	92
Established Families	123	124	125	104	122	109	106	121	130	175	96
Middle Aged Singles	69	63	62	98	76	85	86	81	68	46	97
Middle Aged Childless Couples	114	106	105	149	124	121	119	130	113	123	144
Empty Nesters	108	107	107	77	109	122	127	106	108	99	107
Older Singles	67	66	67	53	68	95	103	64	62	33	78

* Index of shopping where the average of all shoppers equals 100. The higher the index, the more likely the demographic group is to shop that outlet.

Source: Nielsen Marketing Research

Continued from page 35

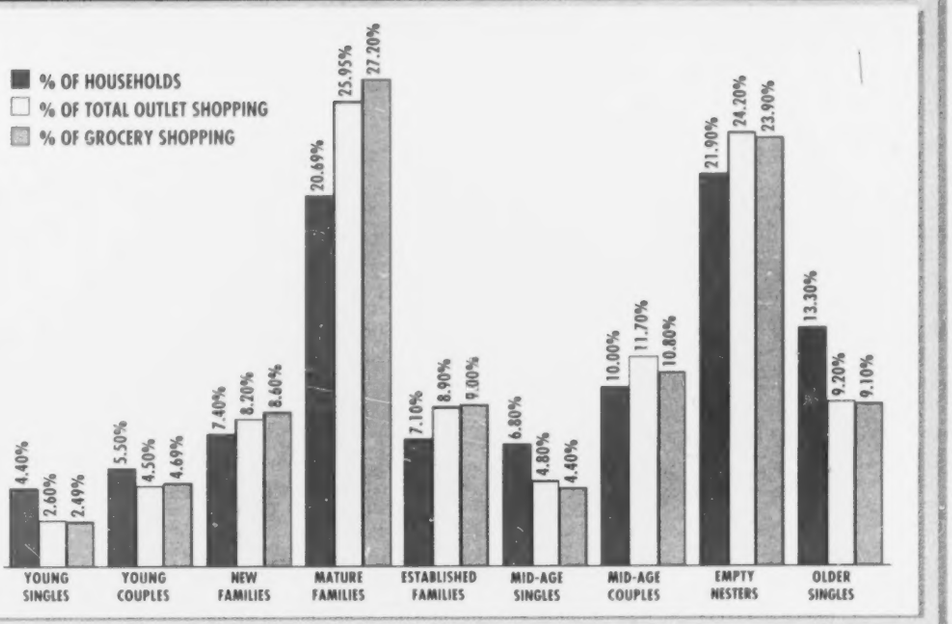
supermarkets when it comes to GM sales. On the food side, druggists are almost non-entities in most categories. Again, candy seems to be the only area in which drug stores have a significant share of sales (15% of the total).

In general, drug outlets fare better with the dry-grocery-nonfoods categories. Their share averages about 5%, and is much higher in such items as household tape (21%), insect repellents (15%), pre-moistened cleaning wipes (16%), flea/tick products (12%), hand soaps (15%), and bath additives (22%), and they sell 8% of all tobacco products. With the exception of tobacco, most of these other categories in which drug stores do relatively well are fairly small in terms of total unit volume.

The warehouse club is the format or class of trade on almost everyone's mind these days. In reality, the "big" threat is not so big as yet, at least on a national level. However, if you operate across the street from one, you may have a different perspective.

Who are the Most Frequent Shoppers?

LIFESTAGE SEGMENTS: IMPORTANCE TO ALL OUTLET AND GROCERY DOLLARS



WHAT CONSUMERS BUY MOST ...IN SUPERMARKETS ...IN THE CLUBS

TOP 25 CATEGORIES IN SUPERMARKETS* Percent Purchased in Supermarkets		TOP 25 CATEGORIES IN WAREHOUSE CLUBS* Percent Purchased in Warehouse Clubs	
1. Breakfast/Snack/Nutritional Bars	91%	1. Non-Alcoholic Wine	25%
2. Frozen Vegetables, plain	90%	2. Turkey, canned	21%
3. Frozen French Toast/Pancakes/Waffles	90%	3. Refrigerated Entrees	10%
4. Cream Cheese	89%	4. Drink Additives (add water or milk)	9%
5. Frozen Prepared Vegetables	89%	5. Tomato/Vegetable Juice	8%
6. Bread Products	89%	6. Tea, liquid	8%
7. Breakfast Cereals, RTE	88%	7. Water Conditioners	8%
8. Chili, canned	88%	8. Wine, domestic dinner/table	8%
9. Yogurt, refrigerated	88%	9. Frozen Poultry, plain/prepared	7%
10. American/Processed Cheese	88%	10. Wine, sparkling/champagne	6%
11. Frozen Dinners/Entrees	88%	11. Video Tapes, blank	6%
12. Frozen Corn on the Cob	88%	12. Mushrooms, jarred/canned	5%
13. Frozen Potato Products	88%	13. Grapefruit Juice, canned	5%
14. Frozen Orange Juice Concentrate	88%	14. Instant Breakfast Drinks	5%
15. Frozen Breakfast Entrees	88%	15. Automatic Dishwasher Compounds	5%
16. Whipped Topping	87%	16. Frozen Breakfast Entrees	4%
17. Mayonnaise/Mayonnaise-style Dressing	87%	17. Honey	4%
18. Pasta, packaged	87%	18. Pasta, jarred/canned	4%
19. Spaghetti Sauce	87%	19. Non-stick Cooking Products, Aerosol	4%
20. Flavored Instant Coffee	87%	20. Hash, canned	4%
21. Margarine	87%	21. Fruit Juices/Drinks	4%
22. Sour Cream	87%	22. Vienna Sausage, canned	4%
23. Natural Cheese	87%	23. Grapefruit Juice, refrigerated	4%
24. Frozen/Refrigerated Dough Products	87%	24. Fabric Softener	4%
25. Frozen Fish/Seafood	87%	25. Ham, canned	4%
	87%		4%
	87%		4%

* Represents the categories that have the highest percentage of sales through each class of trade.

Source: Nielsen Marketing Research

Warehouse clubs do not account for a significant share of sales in virtually any categories tracked in this study. In only three categories do they account for 10% or more of the sales: non-alcoholic wines (25%), canned turkey (21%) and refrigerated entrees (10%). In the latter category, the clubs are a factor because they sell foodservice packs, not consumer-sized products.

In all, there are only 28 categories in which warehouse clubs have 4% of sales or more. These are divided between food items (mostly drink categories, some frozen and refrigerated poultry and entrees) and household supplies.

Just as there may be a tendency to overestimate the impact of the clubs, there may also be an inclination to dismiss them too easily, especially in light of the findings of this study. The fact is that the number of club outlets is still expanding rapidly.

They may become much more of a factor within the next few years, especially in the markets they have penetrated with multiple units, or even where competing club operators have opened. Also, not all clubs are alike. Some are moving more and more into packaged groceries and fresh foods.

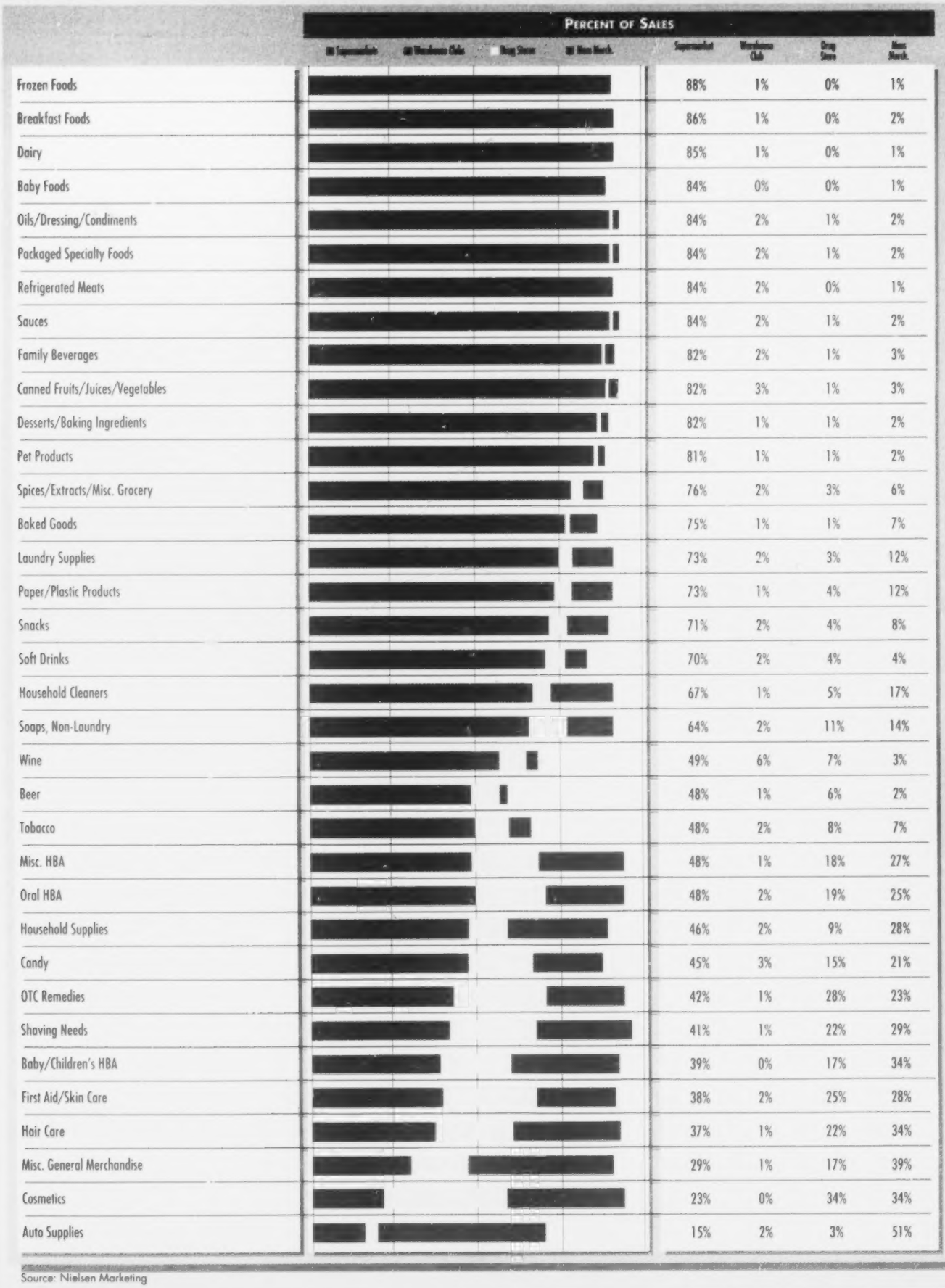
Although convenience stores are like gnats buzzing around supermarkets everywhere, they control a relatively insignificant share of sales in most supermarket categories.

For instance, the food category groups in which convenience stores do best are

Continued on page 64

PRODUCT PREFERENCE STUDY

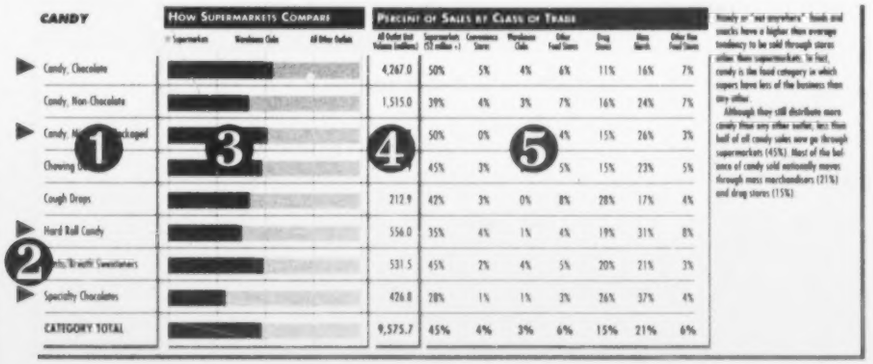
RANKING OF OUTLET SHARE OF SALES FOR 35 MAJOR PRODUCT CLASSES



	Supermarket	Warehouse Club	Drug Store	Mass Merch.
Frozen Foods	88%	1%	0%	1%
Breakfast Foods	86%	1%	0%	2%
Dairy	85%	1%	0%	1%
Baby Foods	84%	0%	0%	1%
Oils/Dressing/Condiments	84%	2%	1%	2%
Packaged Specialty Foods	84%	2%	1%	2%
Refrigerated Meats	84%	2%	0%	1%
Sauces	84%	2%	1%	2%
Family Beverages	82%	2%	1%	3%
Canned Fruits/Juices/Vegetables	82%	3%	1%	3%
Desserts/Baking Ingredients	82%	1%	1%	2%
Pet Products	81%	1%	1%	2%
Spices/Extracts/Misc. Grocery	76%	2%	3%	6%
Baked Goods	75%	1%	1%	7%
Laundry Supplies	73%	2%	3%	12%
Paper/Plastic Products	73%	1%	4%	12%
Snacks	71%	2%	4%	8%
Soft Drinks	70%	2%	4%	4%
Household Cleaners	67%	1%	5%	17%
Soaps, Non-Laundry	64%	2%	11%	14%
Wine	49%	6%	7%	3%
Beer	48%	1%	6%	2%
Tobacco	48%	2%	8%	7%
Misc. HBA	48%	1%	18%	27%
Oral HBA	48%	2%	19%	25%
Household Supplies	46%	2%	9%	28%
Candy	45%	3%	15%	21%
OTC Remedies	42%	1%	28%	23%
Shaving Needs	41%	1%	22%	29%
Baby/Children's HBA	39%	0%	17%	34%
First Aid/Skin Care	38%	2%	25%	28%
Hair Care	37%	1%	22%	34%
Misc. General Merchandise	29%	1%	17%	39%
Cosmetics	23%	0%	34%	34%
Auto Supplies	15%	2%	3%	51%

Source: Nielsen Marketing

HOW TO READ THE TABLES



1 A total of 313 categories of products typically found in supermarkets were tracked for this study. Purchases of individual brands and products, reported by store and home scanners, were combined to create cohesive categories. Many of the categories contain singular product types, such as "chewing gum," while others are a more complex assortment of products, such as "miscellaneous juices and drinks."

2 Watch out for the brightly colored flags that highlight some of the categories! We used them to alert you to larger-than-average sales shares held by either warehouse clubs or mass merchandisers. A red flag ▶ indicates that 4% or more of the sales go through warehouse clubs ... a blue flag ▶ means that at least 25% of the category's sales move through mass merchandisers.

3 The horizontal bar charts graphically depict the way supermarket sales of each category stack up to the most competitive other format in the category, and then moving to the right, how the cumulative share of both outlets compares to all the classes of trade. In the case of food and dry grocery nonfood categories, supermarket sales shares are shown against those of warehouse clubs; for HBA and general merchandise categories, supermarket and mass merchandiser sales shares are charted.

4 The "All Outlet Unit Volume" column shows how much product in each category was sold by all outlets between March 1990 and March 1991 in unit terms. This serves as a frame of reference for interpreting all the other information in the study, because share of sales percentages for any outlet type can be converted back to actual unit volume in just a glance back at this column. Remember that all figures listed under this column are in millions, and that it is necessary to drop the decimal point and add 00,000 to the last digit to arrive at the actual unit volume.

5 The seven columns under the heading "Percent of Sales by Class of Trade" represent the heart of the study. For the first time, volume for all outlets is broken out into its component parts. The share of sales for each of seven classes of trade is given. Five are singled out and given individual columns. The remaining two classes represent miscellaneous formats.

"Other Food Stores" includes superettes and small grocery stores (other than convenience stores), as well as any specialty food stores. "Other Nonfood Stores" includes such outlets as hardware/home centers, cosmetic and beauty aids dealers, tobacco shops, etc.

... And What They Mean (To You)

There's been no shortage of concern, controversy and confusion of late over the current and potential effects of other retail segments on the supermarket sales base. And while that impact obviously varies in accordance with who and where you are, there can be dangers in either underestimating or exaggerating the situation.

Using the Nielsen Marketing Information research presented exclusively in this Ninth Annual SUPERMARKET BUSINESS Product Preference Study, you can focus more closely on just who your competition really is.

What you already knew was that for the most part, other supermarkets remain your toughest competitors, particularly in the mainstream food and related items. But you might not have known exactly how much of a slice of your potential business is taking place in outlets other than your supermarket rivals.

If a new Kmart is set to open a mile from your store, an understanding of the specific categories likely to be impacted by the event can steer you away from an unproductive responsive strategy, and to a more appropriate and realistic approach. Specifically, should you run special promotions on those items that mass merchandisers emphasize to keep the new unit from getting a foothold, or do you de-emphasize those products and play to your own strengths?

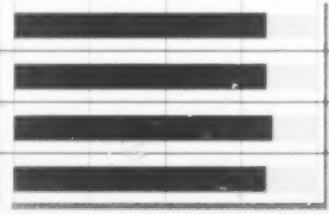
Beyond the "defensive" benefits to be derived from this in-depth picture of sales distribution, another look at your own volume share by category may help you to identify untapped sales improvement opportunities that have been neglected.

And if you thought you knew it all when it comes to "who sells what the best," consider this array of sales facts:

- Mass merchandisers sell more units in more beauty care categories than drug stores.
- More wine is sold in supermarkets than through liquor stores.
- The warehouse club is the king of canned turkey.
- Granola bars are the supermarket's single highest share item of all.
- Druggists have the highest sales of both contraceptives and home pregnancy tests.
- Beer and tobacco products are the only categories in which convenience stores have a relatively significant share of sales.

DRY GROCERY—FOOD

BABY FOODS



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Baby Food	1,705.2	84%	0%	0%	11%	0%	1%	2%
Baby Cereal & Biscuits	190.2	84%	0%	0%	13%	0%	1%	2%
Baby Juices	253.1	86%	1%	0%	9%	1%	1%	2%
CATEGORY TOTAL	**2,148.5**	**84%**	**0%**	**0%**	**11%**	**0%**	**1%**	**2%**

The baby food business in retail stores other than supermarkets remains in its infancy, with supers holding an 84% share of total volume in the category. Other food stores combine for the next largest share, 11%.

BAKED GOODS

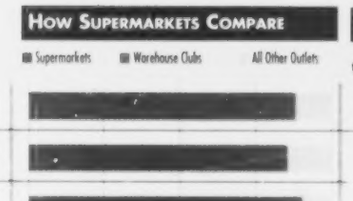
Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Bread	6,750.3	78%	2%	1%	12%	0%	5%	4%
Bread Crumbs/Coating Mixes	158.4	86%	0%	1%	10%	0%	2%	1%
Cookies, RTE	2,496.0	73%	2%	1%	10%	3%	8%	3%
Crackers	1,976.0	78%	0%	3%	9%	2%	5%	2%
Muffins	419.8	77%	1%	2%	10%	1%	5%	4%
Cakes & Pies	1,376.3	60%	4%	2%	13%	1%	14%	7%
Stuffing Mixes/Products	199.8	86%	0%	1%	9%	0%	2%	1%
Sweet Rolls/Pastries, RTE	799.7	63%	5%	2%	13%	1%	10%	7%
CATEGORY TOTAL	**14,176.4**	**75%**	**2%**	**1%**	**11%**	**1%**	**7%**	**4%**

Pre-packaged baked goods, as with most dated or perishable items, are sold primarily through supermarkets (75%). This is especially the case for such staples as bread and crackers (78% each).

Cookies account for the largest chunk of the category after bread. Sales of other dessert-type baked goods, such as cakes and pies and sweet rolls/pastries, are more splintered. Although the majority of sweet goods is still sold through supermarkets, other outlets sell four of every ten units.

BREAKFAST FOODS



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Breakfast Cereals, Cold	2,860.8	88%	0%	1%	9%	0%	1%	1%
Breakfast Cereals, Hot	362.1	85%	0%	1%	10%	1%	2%	2%
Breakfast/Snack/ Nutritional Bars	15.6	91%	0%	0%	7%	0%	0%	1%
Toaster Products	277.9	82%	1%	2%	8%	1%	4%	1%
Table Syrup/Molasses	301.5	86%	0%	1%	9%	0%	1%	1%
Pancake/Waffle Mix	137.7	85%	0%	1%	10%	1%	2%	2%
▶ Honey	62.4	82%	1%	4%	9%	1%	1%	2%
Jams/Jellies	400.6	81%	0%	3%	10%	2%	4%	1%
Peanut Butter	427.2	84%	0%	3%	9%	1%	2%	1%
▶ Instant Breakfast Drinks	23.7	76%	0%	5%	15%	1%	2%	1%
CATEGORY TOTAL	**4,869.6**	**86%**	**0%**	**1%**	**9%**	**0%**	**2%**	**1%**

Cold cereal is by far the most popular way to start the day. And the most popular places to buy cold cereal and breakfast foods in general are supermarkets (86%).

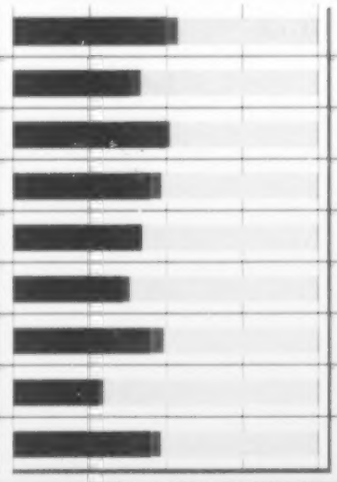
The breakfast category consists of the top sellers in supermarkets and in warehouse clubs. In fact, the share of breakfast and nutritional bars sold in supermarkets (91%) represents supers' highest share of any product sold in the store. Warehouse clubs now sell 5% of all instant breakfast drinks, and 4% of all honey.

Source: Nielsen Marketing Research

DRY GROCERY—FOOD continued on next page

DRY GROCERY—FOOD

CANDY

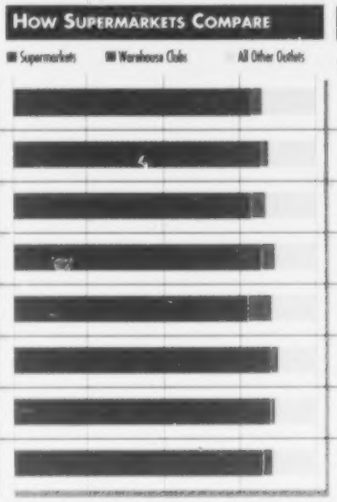


	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Candy, Chocolate	4,267.0	50%	5%	4%	6%	11%	16%	7%
Candy, Non-Chocolate	1,515.0	39%	4%	3%	7%	16%	24%	7%
Candy, Miniature, Packaged	394.7	50%	0%	1%	4%	15%	26%	3%
Chewing Gum	1,671.9	45%	3%	3%	5%	15%	23%	5%
Cough Drops	212.9	42%	3%	0%	8%	28%	17%	4%
Hard Roll Candy	556.0	35%	4%	1%	4%	19%	31%	8%
Mints/Breath Sweeteners	531.5	45%	2%	4%	5%	20%	21%	3%
Specialty Chocolates	426.8	28%	1%	1%	3%	26%	37%	4%
CATEGORY TOTAL	**9,575.7**	**45%**	**4%**	**3%**	**6%**	**15%**	**21%**	**6%**

Handy or "eat anywhere" foods and snacks have a higher than average tendency to be sold through stores other than supermarkets. In fact, candy is the food category in which supers have less of the business than any other.

Although they still distribute more candy than any other outlet, less than half of all candy sales now go through supermarkets (45%). Most of the balance of candy sold nationally moves through mass merchandisers (21%) and drug stores (15%).

CANNED FRUITS/JUICES/VEGETABLES



	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Fruit Juices/Drinks, Misc.	1,840.6	78%	1%	4%	10%	1%	4%	2%
Fruit, Canned/Jarred	1,860.1	81%	0%	3%	10%	2%	2%	2%
Grapefruit Juice	93.7	78%	0%	5%	11%	0%	4%	2%
Mushrooms, Canned/Jarred	282.1	81%	0%	5%	9%	1%	2%	1%
Tomato/Vegetable Juices	672.3	77%	1%	8%	10%	1%	2%	2%
Tomatoes, Canned	638.1	84%	0%	3%	9%	1%	1%	1%
Vegetables, Canned/Jarred	4,714.3	84%	0%	2%	10%	0%	2%	1%
CATEGORY TOTAL	**10,101.2**	**82%**	**0%**	**3%**	**10%**	**1%**	**2%**	**1%**

Despite consumers' propensity for fresh produce, canned fruits and vegetables and their juices remain very popular, with more than 10 billion units sold annually.

Warehouse clubs sell more of these shelf-stable consumables (3%) than they do of any other food category. Supermarkets, however, dominate sales of canned fruits/juices/vegetables, with 82% of all units sold. One can in ten is sold in smaller food stores.

DESSERTS/BAKING INGREDIENTS

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Artificial Sweeteners	130.8	73%	0%	2%	10%	5%	9%	2%
Baking Chips	234.0	82%	0%	1%	8%	3%	6%	1%
Baking Chocolate, Bar	24.0	86%	0%	0%	10%	0%	2%	1%
Baking Coconut	40.4	82%	1%	2%	10%	1%	2%	1%
Baking Mixes	375.4	83%	0%	2%	11%	1%	2%	2%
Brownie/Cookie Mix	161.3	86%	0%	2%	8%	1%	2%	1%
Cake Mixes, Dry	854.8	84%	0%	1%	11%	1%	1%	1%
Evaporated Milk	598.1	84%	0%	1%	11%	0%	2%	2%
Flour	346.2	85%	0%	0%	12%	0%	1%	1%
Frosting/Frosting Mixes	288.5	83%	0%	1%	10%	1%	3%	2%

In spite of the ease of buying from instore bakeries, and the continued importance of convenience, "homemade" still has its appeal. The assorted ingredients needed to bake something fresh and delicious sold over 5 billion units. Corners were cut however, with the various mixes combining to outsell flour.

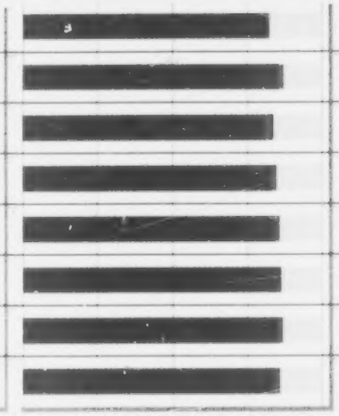
Source: Nielsen Marketing Research

DRY GROCERY—FOOD continued on next page

DRY GROCERY—FOOD

INGREDIENTS

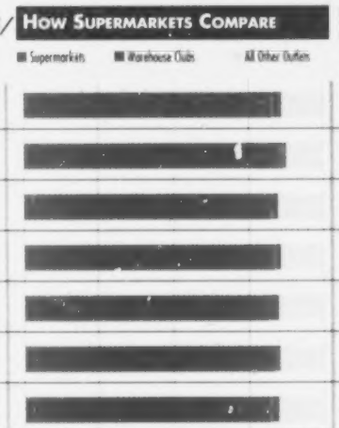
(Continued from page 46)



Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Gelatin/Gelatin Desserts	524.3	83%	0%	0%	11%	3%	1%	1%
Pizza Mix	52.0	86%	0%	1%	12%	0%	1%	0%
Pudding/Pie Fillings, Mixes, RTE	715.6	82%	0%	2%	9%	2%	4%	1%
Shortening	170.0	84%	1%	1%	11%	1%	2%	1%
Sugar	1,025.5	85%	0%	1%	11%	0%	1%	1%
Whipped Topping	304.2	87%	1%	0%	11%	0%	0%	1%
Yeast, Dry	58.1	86%	0%	1%	12%	0%	0%	1%
CATEGORY TOTAL	**5,903.1**	**85%**	**0%**	**1%**	**10%**	**1%**	**2%**	**1%**

Sugar tops this group, with more than a billion sacks sold. Supermarkets have the largest share of sales of both sugar (85%) and artificial sweeteners (73%), with other food stores, mass merchandisers and drug stores making better inroads in the latter category.

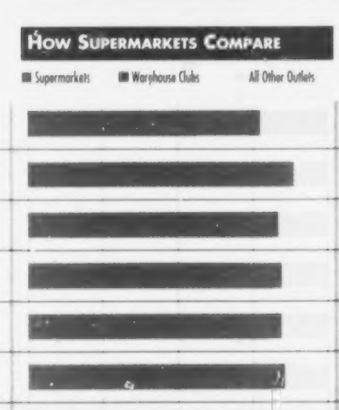
OILS/DRESSINGS/ CONDIMENTS



Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Catsup	401.5	83%	0%	3%	10%	1%	2%	1%
Mayonnaise/Mayo-Type Dressings	653.5	87%	0%	1%	10%	0%	1%	1%
Mustard	250.8	83%	1%	2%	10%	0%	2%	2%
Oil, Salad or Cooking	461.5	84%	0%	2%	11%	0%	2%	1%
Olive Oil	62.6	82%	0%	3%	11%	1%	2%	2%
Relish	103.6	84%	0%	1%	11%	1%	2%	1%
Pickles	418.4	83%	0%	2%	9%	1%	3%	1%
Salad Dressing	547.7	84%	0%	1%	10%	2%	3%	1%
Salad Toppings	58.4	79%	0%	1%	10%	2%	6%	2%
Vinegar	162.7	84%	0%	1%	11%	1%	2%	2%
CATEGORY TOTAL	**3,120.5**	**84%**	**0%**	**2%**	**10%**	**1%**	**2%**	**1%**

Consumers stick to food stores when purchasing items from this group (supermarkets, 84%; other food stores, 10%). Mayonnaise is the dressing of choice, selling more units than salad dressings, oils, catsup or mustard. And sales of mayonnaise are not spread around very much. Supermarkets sell almost nine of every ten jars (87%). The tenth is usually picked up at other food stores (10%).

PACKAGED SPECIALTY FOODS



Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Turkey, Canned	12.1	57%	0%	21%	7%	2%	11%	2%
Chili	47.3	88%	0%	1%	7%	1%	1%	2%
Deviled Ham/ Other Meat Products	35.3	82%	0%	2%	12%	1%	2%	1%
Prep. Dishes, Dinner Mixes, Packaged	1,597.0	83%	0%	2%	11%	0%	3%	1%
Hash, Canned	44.3	81%	1%	4%	10%	2%	1%	1%
Mexican Foods	1093.8	84%	0%	2%	10%	1%	2%	1%
Pasta, Canned/Jarred	776.0	82%	0%	4%	9%	1%	3%	1%
Potatoes, Instant	239.9	86%	0%	3%	9%	1%	1%	1%

Canned soup accounts for over one-fourth of category sales, and represents one of supermarkets' best share percentages, 84%).

Like canned fruits/juices/vegetables, the canned items in the specialty foods section are moving through the clubs and other food stores at a higher than average rate (with the exception of canned soup). Canned turkey, while not being gobbled up in droves, is the biggest seller in warehouse clubs (21%) and also sells surprisingly well in mass merchandise stores (11%).

Source: Nielsen Marketing Research

DRY GROCERY—FOOD continued on next page

DRY GROCERY—FOOD

PACKAGED FOODS

(Conitinued from page 48)

How Supermarkets Compare

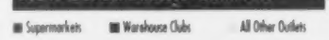
Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Pasta, Packaged	1,695.6	87%	0%	1%	9%	1%	1%	1%
Rice	806.1	86%	0%	1%	9%	1%	2%	1%
Soup, Canned	3,428.8	86%	0%	2%	9%	1%	1%	1%
Soup, Dry/Bouillon Cubes	1,043.6	81%	1%	2%	8%	2%	4%	2%
Tuna, Canned	1,661.9	83%	0%	3%	10%	1%	2%	1%
Sausage, Vienna, Canned	221.8	78%	0%	4%	11%	1%	4%	2%
CATEGORY TOTAL	**12,703.5**	**84%**	**0%**	**2%**	**9%**	**1%**	**2%**	**1%**

Dry soup/bouillon cubes, probably used more often as cooking ingredients than as soup, do about a third as much business as the canned varieties. And in spite of various controversies, canned tuna netted sales of over a billion and a half units.

REFRIGERATED MEATS

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Bacon/Breakfast Strips	754.3	85%	1%	1%	11%	0%	1%	1%
Cold Cuts	1,264.8	85%	1%	2%	10%	0%	1%	1%
Refrigerated Entrees	49.3	76%	2%	10%	10%	0%	1%	1%
Frankfurters/Wieners	1,082.7	84%	1%	2%	10%	0%	1%	2%
Ham, Canned	26.3	67%	0%	4%	10%	6%	12%	1%
Sausage, Breakfast	413.8	86%	0%	1%	11%	0%	1%	1%
Sausage, Dinner	172.7	82%	0%	3%	12%	0%	1%	2%
CATEGORY TOTAL	**3,763.9**	**84%**	**1%**	**2%**	**10%**	**0%**	**1%**	**1%**

Cold cuts and frankfurters share the largest slice of this category, with supermarkets selling the largest portions (85% and 84%, respectively). Other food stores, including delicatessens, sell only 10% of each of those meats.

Many warehouse club customers purchase for business rather than family use. That is probably the reason for the clubs' 10% share of sales of refrigerated entrees, which often are packaged in multiples. One out of every three canned hams is purchased in stores other than supermarkets, with even drug stores (6%) getting into the act.

SAUCES

How Supermarkets Compare

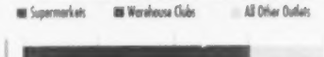
Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Barbecue/Seasoning/Misc. Sauces, Bottled	815.0	82%	1%	2%	10%	1%	3%	1%
Gravy/Sauce, Mixes and Canned	349.9	83%	0%	1%	11%	1%	2%	2%
Soy Sauce	92.9	83%	1%	2%	10%	0%	2%	2%
Spaghetti Sauce	728.8	87%	0%	1%	9%	1%	1%	1%
CATEGORY TOTAL	**1,986.6**	**84%**	**0%**	**2%**	**10%**	**1%**	**2%**	**1%**

Mass merchandisers and other nonfood outlets have yet to make significant inroads into this group, which is dominated by spaghetti, barbecue and marinade-type sauces, with soy sauce trailing far behind in total volume at 5% of the group.

SNACKS

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Corn/Tortilla Chips & Cheese Snacks	1,374.8	74%	3%	2%	8%	3%	6%	4%
Nuts	692.2	61%	3%	2%	8%	8%	14%	4%
Popcorn Snacks/ Popping Corn	660.2	63%	2%	2%	7%	7%	15%	4%
Potato Chips	1,884.5	74%	3%	1%	10%	3%	6%	3%

As is the case with candy, snack items represent less total market share in the hands of supermarket operators (71%) than most other food categories. As might be expected, convenience stores do more of their business in snacks (3%) than in almost any other food category.

Three fourths of the heavyweights of the group, potato chips, corn chips and cheese snacks, are sold in supermarkets. But mass merchandisers are biting into popcorn (15%) and nut (14%) sales.

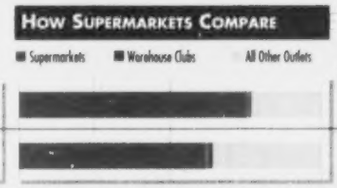
Source: Nielsen Marketing Research

DRY GROCERY—FOOD continued on next page

DRY GROCERY–FOOD

SNACKS

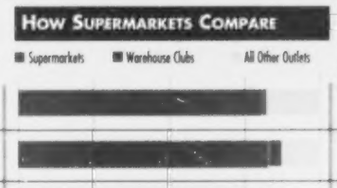
(Conitinued from page 50)



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Pretzels	336.0	75%	2%	1%	8%	6%	5%	3%
CATEGORY TOTAL	**4,947.8**	**71%**	**3%**	**2%**	**9%**	**4%**	**8%**	**4%**

SPICES/ EXTRACTS/ MISC. GROCERY

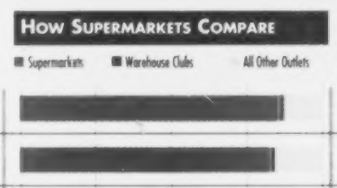


Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Extracts	87.5	80%	0%	1%	10%	2%	5%	2%
▶ Nonstick Cooking Products, Aerosol	55.5	82%	0%	4%	10%	0%	3%	1%
Salt	328.4	80%	0%	1%	11%	2%	4%	2%
Salt Substitute	24.8	67%	0%	3%	21%	2%	6%	1%
Seasonings/Spices	612.7	74%	0%	2%	8%	4%	8%	2%
CATEGORY TOTAL	**1,108.9**	**76%**	**0%**	**2%**	**9%**	**3%**	**6%**	**2%**

Our taste for extra flavor is being satiated by salt and spices. While supermarkets sell about 80% of the salt, extracts and non-stick cooking sprays, they hold a lesser share (67%) of the salt substitute business. Other food stores are selling a fifth of the salt pretenders.

FAMILY BEVERAGES

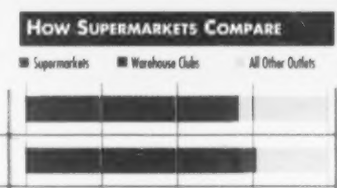


Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Coffee, Ground	906.5	84%	0%	2%	9%	1%	3%	1%
Coffee, Instant/Freeze Dried	266.0	81%	0%	2%	11%	1%	3%	2%
Coffee, Instant, Flavored	47.7	87%	0%	1%	8%	1%	2%	1%
Cream Substitute, Non Dairy	144.5	80%	1%	3%	10%	1%	4%	1%
▶ Drink Additives (Add Milk or Water)	229.6	74%	0%	9%	9%	2%	4%	2%
Iced Tea Mix, Instant	111.7	83%	0%	3%	8%	1%	3%	1%
Tea, Instant	34.0	80%	0%	2%	10%	1%	6%	1%
Tea, Regular	291.7	82%	0%	2%	9%	1%	4%	2%
▶ Tea, Liquid	128.3	66%	4%	8%	8%	4%	3%	7%
Powdered Soft Drinks	1,577.2	85%	1%	0%	10%	0%	2%	2%
Cocoa Powder	20.8	79%	0%	3%	12%	1%	3%	4%
CATEGORY TOTAL	**3,758.1**	**83%**	**1%**	**2%**	**10%**	**1%**	**3%**	**2%**

The "wake-up beverages" are primarily sold in supermarkets. It appears that the less popular the drink, the less likely it is to be sold in a supermarket. Cocoa powder (79%), drink additives (74%) and liquid tea (66%) are among the beverages representing supers' weaker shares. In all, supermarkets sell the most family beverages (83%) and hold above-average shares of the largest selling beverage items (powdered soft drinks, 85% and ground coffee, 84%).

SOFT DRINKS



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Soft Drinks, Non-Diet	15,245.7	68%	3%	2%	10%	4%	4%	9%
Soft Drinks, Diet	8,449.4	72%	2%	3%	8%	4%	3%	8%
Water, Bottled	868.4	80%	2%	3%	8%	3%	2%	2%
CATEGORY TOTAL	**24,563.4**	**70%**	**3%**	**2%**	**9%**	**4%**	**4%**	**8%**

Supermarkets carry the best variety of soda and sell about seven of every 10 units. Other food stores (9%) and non-food outlets (8%) are the distant runners-up in soft drink sales. Not surprisingly, convenience stores' share of soft drink sales (3%) mirrors their percentage of total snack volume.

Sugared, carbonated beverages reign supreme in this highly segmented category, outselling their diet counterparts almost two-to-one.

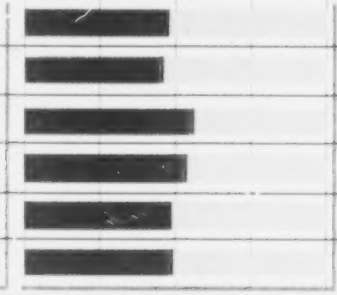
Source: Nielsen Marketing Research

DRY GROCERY—FOOD continued on next page

DRY GROCERY–FOOD

BEER

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Ale	30.4	48%	5%	0%	21%	2%	2%	22%
Beer, Regular	2,913.7	45%	10%	1%	22%	5%	2%	15%
Beer, Light	1,314.8	55%	9%	1%	11%	9%	1%	14%
Near Beer	172.2	53%	1%	1%	14%	10%	5%	15%
Malt Liquor	133.8	49%	12%	0%	10%	1%	2%	26%
CATEGORY TOTAL	**4,564.9**	**48%**	**9%**	**1%**	**18%**	**6%**	**2%**	**15%**

Even though liquor stores exist for the express purpose of selling beer and other spirits, supermarkets sell almost half (48%) of all the beer and "near beer" purchased for at-home consumption.

Convenience stores sell more beer than almost anything else they carry other than tobacco products.

Convenience and other food stores combine for a quarter of total sales, with nonfood stores holding a 15% share. It's interesting to note that light beer and near beer sales are relatively high in drug stores (9% and 10%).

WINE

How Supermarkets Compare

Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Wine, Spirits/Coolers	147.7	56%	5%	3%	10%	7%	3%	16%
▶ Wine, Domestic Dinner/Table	363.4	49%	1%	8%	8%	5%	3%	26%
Wine, Imported Dinner/Table	76.4	36%	1%	3%	12%	3%	2%	44%
Wine, Aperitif, Specialty	1.2	12%	3%	0%	12%	0%	0%	73%
Wine, Domestic Dessert	22.1	51%	0%	0%	4%	3%	4%	38%
Wine, Party/Pop/Sangria	4.2	26%	1%	0%	6%	0%	1%	66%
▶ Wine, Sparkling/Cold Duck/Champagne	87.4	41%	1%	6%	8%	16%	3%	25%
Vermouth	12.1	42%	0%	1%	4%	12%	1%	40%
▶ Wine, Non-Alcoholic	35.5	45%	1%	25%	8%	10%	8%	3%
Cocktail Mixes	35.0	66%	1%	2%	8%	6%	4%	13%
CATEGORY TOTAL	**785.0**	**49%**	**2%**	**6%**	**9%**	**7%**	**3%**	**25%**

As with beer, half of all wine sales are accounted for by supermarkets (49%), with nonfood outlets including liquor stores selling only 25%.

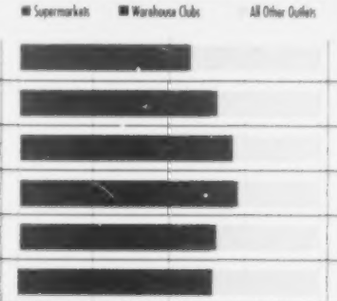
Domestic wine and wine coolers lead the category and sell mainly in supermarkets (49% and 56%). Liquor stores outpace supermarkets by three-to-one in sales of aperitif and specialty wines.

Non-alcoholic wine is the category star in the warehouse clubs, although its share (25%) trails that of supermarkets (45%). The category is a small one for liquor stores, which hold only 3% of the business.

DRY GROCERY–NONFOOD

HOUSEHOLD CLEANERS

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
▶ Carpet/Rug Cleaners	34.8	56%	0%	1%	6%	5%	28%	4%
Drain Cleaners	57.3	64%	1%	2%	6%	5%	18%	4%
Floor/Wax Polish, Cleaner	38.1	71%	1%	0%	7%	4%	13%	4%
Household Cleaners	241.8	72%	0%	1%	7%	4%	14%	2%
Furniture Polish	94.1	64%	1%	2%	7%	4%	19%	3%
Toilet Bowl Cleaners	210.7	65%	0%	0%	7%	5%	21%	2%
▶ Toilet Bowl Deodorizers	42.9	37%	0%	0%	2%	7%	52%	2%
Metal Polish	13.3	69%	0%	0%	5%	6%	13%	7%
Oven Cleaners	28.4	73%	0%	1%	7%	4%	13%	2%
Scouring Pads	238.4	73%	1%	2%	7%	3%	11%	3%
Scouring Cleaners	303.0	65%	1%	3%	9%	6%	14%	2%
Glass Cleaners	110.1	68%	1%	0%	6%	5%	18%	2%
CATEGORY TOTAL	**1,413.0**	**67%**	**1%**	**1%**	**7%**	**5%**	**17%**	**2%**

Although the categories that make up this group post relatively low volumes, household cleaning products have always had a strong presence in the supermarket, with brands and manufacturers literally becoming household names.

But despite these strong ties to the supermarket, about a third of the sales in these categories now go to other classes of trade, notably mass merchandisers. Household cleaners are among the most heavily promoted of the traditional grocery store items in other outlets. Promotions by mass merchandisers, home centers and discount druggists often feature these products.

Luckily, the best products in this group are also those that tend to have the highest supermarket share of sales, such as scouring pads (73%), and household cleaners (71%).

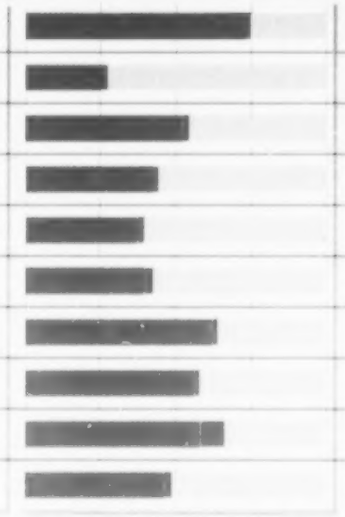
Source: Nielsen Marketing Research

DRY GROCERY-NONFOOD continued on next page

DRY GROCERY-NONFOOD

HOUSEHOLD SUPPLIES

How Supermarkets Compare



Percent of Sales by Class of Trade

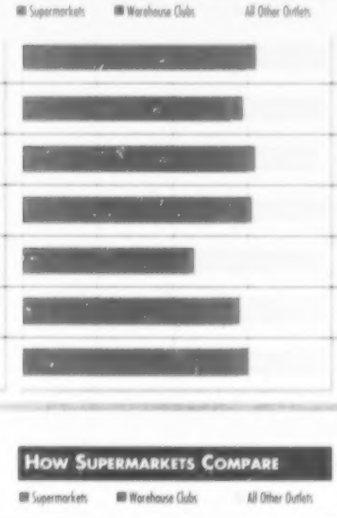
	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Charcoal	118.9	73%	1%	1%	10%	3%	10%	2%
Tape, All Kinds	174.1	25%	1%	2%	2%	21%	39%	10%
Insecticide, Indoor	106.5	52%	1%	2%	7%	8%	22%	8%
Insecticide, Outdoor	17.7	42%	1%	1%	7%	6%	29%	14%
Insect Repellent	16.2	37%	1%	2%	4%	15%	34%	7%
Light Bulbs	461.3	39%	0%	3%	3%	9%	34%	12%
Home Canning Supplies	56.9	62%	1%	1%	15%	1%	13%	7%
Air Fresheners/Deodorizers	243.0	56%	0%	1%	5%	8%	26%	4%
Water Conditioners	35.4	58%	0%	8%	7%	0%	9%	16%
CATEGORY TOTAL	1,229.9	46%	0%	2%	5%	9%	28%	9%

As a group, the categories under the umbrella of household supplies have the lowest percentage of total sales generated by supermarkets of any group within the dry grocery nonfoods department (46%). While supermarkets still command the largest share, 28% of total volume now moves through mass merchandisers, and 9% each to drug stores and other nonfood outlets.

In the group's most important category, light bulbs, supermarkets have a 39% share, which is nearly matched by mass merchandisers who now hold 34%. In the case of household tape, mass merchandisers (39%) outsell supermarkets (25%), while drug stores also have a high share of sales (21%). The tape category is the supermarket's poorest showing among all the categories in the dry grocery nonfoods department.

LAUNDRY SUPPLIES

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Bleach	563.4	75%	1%	3%	8%	2%	10%	1%
Fabric Softener	487.5	70%	0%	4%	7%	3%	14%	2%
Detergent, Liquid, Heavy-Duty	459.3	75%	0%	2%	7%	4%	11%	1%
Detergent, Dry, Powder/ Flakes	784.5	75%	1%	1%	9%	3%	10%	1%
Starch	93.2	56%	2%	1%	7%	9%	22%	3%
Laundry Pre-Treatments/ Cleaners	87.1	71%	0%	1%	6%	4%	15%	3%
CATEGORY TOTAL	2,474.9	73%	1%	2%	8%	3%	12%	1%

Hasn't everyone's mom always turned to the supermarket to stock up on laundry products? It's what most of us remember, and it's at least 75% true today. That's the share of total sales of powdered detergents, liquid detergents and bleach that are accounted for by supermarkets today.

Supermarkets do face some stiff competition from mass merchandisers when it comes to starch. These discounters sell about 22% of the product compared with 56% in supers.

PAPER/PLASTIC PRODUCTS

How Supermarkets Compare

Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Aluminum Foil	351.3	71%	1%	1%	9%	4%	12%	2%
Diapers, Disposable	394.5	58%	0%	2%	6%	6%	20%	8%
Coffee Filters	130.8	71%	1%	1%	8%	5%	12%	2%
Cups, Disposable	324.0	67%	0%	1%	8%	4%	17%	3%
Plates, Disposable	488.7	65%	0%	1%	7%	5%	18%	4%
Facial Tissue	1,151.2	71%	0%	1%	6%	7%	14%	1%
Oven Cooking Bags	20.5	85%	0%	0%	10%	1%	3%	1%
Paper Napkins	488.2	74%	0%	1%	7%	3%	11%	4%
Paper Towels	2,232.0	78%	0%	1%	6%	4%	9%	2%

The movement of the various categories in the paper and plastic products group through supermarkets varies greatly, from a low of 52% for premoistened cleaning wipes to a high of 85% for oven cooking bags. The larger categories have a moderating influence, resulting in a 73% share of the group's total sales.

Toilet paper has the largest unit volume in the group, with sales of over 2.5 billion units, of which 75% are sold in supermarkets. Supermarkets also sell enough paper towels to encircle the globe many times over, roughly 78% of the over 2.2 billion rolls bought by shoppers annually.

Mass merchandisers are the second largest sellers of paper and plastic products. They generally move from 15 to 20% of the total in most categories. The notable exceptions are,

(Continued on page 60)

Source: Nielsen Marketing Research

DRY GROCERY-NONFOOD continued on page 60

DRY GROCERY-NONFOOD

PAPER, PLASTIC PRODUCTS

(Continued from page 56)

How Supermarkets Compare — ■ Supermarkets ■ Warehouse Clubs ■ All Other Outlets

Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Plastic Kitchen Wrap	127.8	79%	0%	1%	8%	3%	8%	1%
Plastic Sandwich/Food Storage/Freezer Bags	397.9	74%	0%	3%	7%	2%	12%	2%
Plastic Garbage Bags/ Can Liners	525.4	71%	0%	2%	7%	3%	15%	2%
Cleaning Wipes, Pre-Moistened	153.2	52%	0%	3%	4%	16%	20%	5%
Toilet Paper	2,517.0	75%	1%	1%	9%	4%	9%	1%
Waxed Paper	45.8	80%	0%	0%	9%	2%	8%	1%
CATEGORY TOTAL	**9,348.3**	**73%**	**0%**	**1%**	**7%**	**4%**	**12%**	**2%**

(Continued from page 56)
again, the largest selling paper categories, in which mass merchandisers account for only 9% of paper towel and toilet paper sales, and only 14% of facial tissue sales.

Disposable diapers are unique in that their annual sales represent only 395 million units, but a whopping $3.4 billion — greater than toilet paper and about twice the dollar volume of paper towels. Supermarkets sell about 58% of the total, mass merchandisers 20% and drug stores only 6%. Miscellaneous food and nonfood stores split 14%.

PET PRODUCTS

How Supermarkets Compare — ■ Supermarkets ■ Warehouse Clubs ■ All Other Outlets

Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Cat Food, Canned	3,843.8	82%	0%	1%	8%	2%	4%	3%
Cat Food, Dry	426.0	77%	1%	1%	10%	1%	6%	4%
Cat Food, Moist	99.9	81%	1%	0%	8%	2%	6%	2%
Dog Food, Canned	1,987.6	81%	0%	1%	10%	1%	4%	3%
Dog Food, Dry	335.7	76%	1%	1%	10%	1%	5%	6%
Dog Food, Moist	57.3	80%	0%	2%	13%	2%	2%	1%
Cat Litter	191.2	77%	1%	1%	8%	2%	9%	2%
Dog Biscuits/Cat Treats	380.7	81%	0%	0%	8%	2%	5%	4%
▶ Flea/Tick Care Products	47.2	44%	0%	1%	5%	12%	32%	6%
Wild Bird Seed	60.4	82%	0%	1%	6%	6%	14%	11%
CATEGORY TOTAL	**7,429.8**	**81%**	**0%**	**1%**	**9%**	**2%**	**5%**	**3%**

If you feel that business is going to the dogs, you can rest easy because the dogs are going to the supermarket, and bringing the cats and birds along with them. Eighty-one percent of all pet products are sold in supers.

Supermarkets are doing particularly well with canned cat and dog foods (82% and 81% respectively). Dry foods for both are a little slower, with supermarkets bringing in 77% and 76% respectively. Remember that despite having a unit volume of only 335.7 million packages, dry dog food has the highest dollar volume, over $2.2 billion.

One interesting dimension in this group is the diminished presence of pet stores and animal nutrition outlets. Those outlets sell only 3% of the group total for these categories. Only in dry dog food (6%) and wild bird seed (11%) do these stores have a larger share. Mass merchandisers sell about a third of the flea and tick care products, which falls slightly below the 44% sold in supermarkets.

SOAPS, NON-LAUNDRY

How Supermarkets Compare — ■ Supermarkets ■ Warehouse Clubs ■ All Other Outlets

Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
▶ Automatic Dishwashing Compounds	216.1	74%	0%	5%	6%	3%	11%	1%
Dishwashing Liquid/ Light Duty Detergent	648.2	71%	0%	2%	8%	4%	13%	2%
▶ Hand Cleaners	6.3	41%	0%	0%	2%	3%	27%	27%
Hand and Bath Soap	1,154.1	60%	0%	2%	7%	15%	14%	2%
▶ Bath Additives	62.1	39%	0%	0%	4%	22%	32%	3%
CATEGORY TOTAL	**2,086.7**	**64%**	**0%**	**2%**	**7%**	**11%**	**14%**	**2%**

The non-laundry soaps group is a good one for mass merchandisers. It represents the second largest share behind supermarkets in all but one of the categories. Bath additives and hand cleaners are especially big sellers for discounters.

Even though warehouse clubs sell only about 5% of automatic dishwashing compounds, the products represent one of the highest shares held by the membership operators. Due to the nature of the products, drug stores have relatively high shares of the bath additive and hand soap categories.

Source: Nielsen Marketing Research

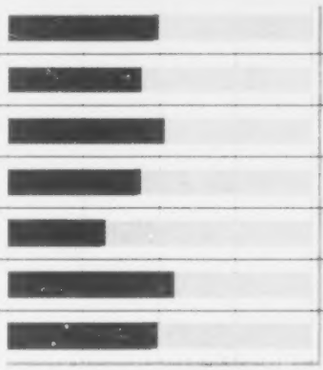
DRY GROCERY-NONFOOD continued on next page

DRY GROCERY-NONFOOD

TOBACCO

How Supermarkets Compare

■ Supermarkets ■ Warehouse Clubs All Other Outlets



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Cigarettes	12,049.0	48%	12%	2%	10%	8%	7%	13%
Cigars	153.5	44%	9%	0%	13%	16%	7%	11%
Chewing & Smokeless Tobacco	417.1	52%	8%	0%	14%	7%	13%	6%
▶ Disposable Lighters	98.7	43%	2%	1%	6%	15%	25%	5%
Smoking Accessories	36.6	31%	14%	1%	4%	16%	16%	16%
Smoking Tobacco	56.9	55%	2%	0%	10%	12%	10%	11%
CATEGORY TOTAL	**12,811.3**	**48%**	**12%**	**2%**	**10%**	**8%**	**7%**	**13%**

Name a group of categories in which the supermarket has one of its lowest shares, yet which still brings in one of its highest sales dollar amounts. If you said tobacco products, give yourself a cigar!

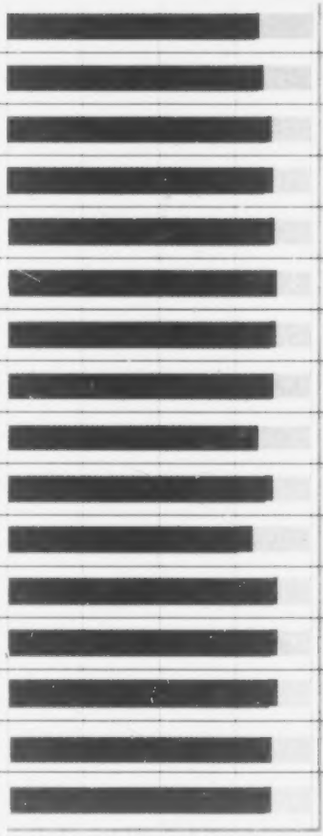
Cigarettes dominate this group and supermarkets have the largest share of the cigarette market, though it amounts to only 48%. As you might imagine, convenience stores (12%), smaller food stores (10%) and other nonfood stores (13%) also have significant shares.

DAIRY

DAIRY

How Supermarkets Compare

■ Supermarkets ■ Warehouse Clubs All Other Outlets



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Milk	5,848.1	82%	4%	1%	11%	0%	1%	2%
Cream	268.4	83%	2%	1%	10%	0%	0%	3%
Eggs	1,910.6	86%	1%	1%	10%	0%	1%	1%
Butter	416.3	85%	0%	3%	10%	0%	1%	1%
Margarine	1,812.9	87%	0%	1%	10%	0%	1%	1%
Cream Cheese	530.8	89%	0%	0%	9%	0%	1%	1%
Sour Cream	453.8	87%	1%	1%	9%	0%	1%	1%
Yogurt	1,644.2	88%	0%	0%	9%	0%	1%	1%
Dips, Ready-to-Serve	169.0	83%	3%	0%	11%	0%	1%	1%
Orange Juice, Refrigerated	847.9	85%	1%	3%	9%	0%	1%	1%
▶ Grapefruit Juice, Refrigerated	84.3	77%	2%	4%	8%	1%	4%	3%
American Cheese, Pasteurized/Processed	713.6	88%	1%	1%	9%	0%	1%	1%
Cheese, Natural or Imported	704.0	87%	1%	2%	9%	0%	1%	1%
Grated Cheese	139.3	86%	0%	3%	8%	0%	1%	1%
Dough Products, Refrigerated/Frozen	869.0	87%	0%	0%	11%	0%	1%	1%
CATEGORY TOTAL	**16,412.1**	**85%**	**2%**	**1%**	**10%**	**0%**	**1%**	**1%**

As one would expect, dairy is still dominated by the food store. In addition to supermarkets (85% of total), other food stores sell 10% of all the dairy products, doing their largest business in the essential items — milk, cream, butter and eggs, as well as refrigerated dips and dough products. Convenience stores sell 2% of the group, while warehouse clubs do only 1% of the total.

Nonfood stores have a combined total of only 2% of the sales in the dairy group. This is divided equally between mass merchandisers and other nonfood stores. To date, drug stores have built no tangible share of dairy product sales, despite media reports of drug chains adding food departments that include refrigerated sections.

Source: Nielsen Marketing Research

FROZEN FOODS

FROZEN FOODS	How Supermarkets Compare (■ Supermarkets ■ Warehouse Clubs ■ All Other Outlets)	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Poultry		121.2	78%	0%	7%	11%	0%	1%	2%
Fish/Seafood		307.5	87%	0%	2%	9%	0%	1%	1%
Prepared Dinners/Entrees		2,833.7	88%	0%	1%	9%	0%	1%	1%
Pizza		662.5	87%	1%	1%	9%	0%	1%	1%
Corn on the Cob		92.1	88%	0%	2%	8%	0%	0%	1%
Potato Products		810.5	88%	0%	1%	9%	0%	0%	1%
Vegetables, Plain		1,193.0	90%	0%	1%	7%	0%	0%	1%
Vegetables, Prepared		261.5	89%	0%	0%	8%	0%	0%	1%
Orange Juice		885.7	88%	0%	2%	9%	0%	1%	1%
Breakfast, Frozen		221.6	88%	0%	4%	7%	0%	1%	2%
French Toast/ Pancakes/Waffles		328.9	90%	0%	1%	8%	0%	0%	1%
Bread Products		323.5	89%	0%	1%	8%	0%	0%	1%
Desserts, Frozen		305.3	87%	0%	0%	9%	0%	1%	1%
Ice Cream/Sherbet/Ice Milk		1,216.3	86%	2%	0%	10%	1%	0%	1%
Ice Cream Novelties		705.2	84%	3%	1%	9%	1%	1%	2%
Yogurt, Frozen		160.8	87%	1%	1%	10%	0%	1%	1%
CATEGORY TOTAL		10,429.3	**88%**	**1%**	**1%**	**9%**	**0%**	**1%**	**1%**

Source: Nielsen Marketing Research

The share of frozen food sales controlled by supermarkets is greater than that which they boast in other groups of categories (88%). In fact, three of the top five categories in terms of overall supermarket sales are in the frozen section — plain vegetables, and french toast/waffles/pancakes (each with 90%) and prepared vegetables (89%).

The only other retailers with any significant share of frozen food sales are the smaller food stores (9%). No other class of trade, including convenience and warehouse clubs, has more than 1% of sales. One category is somewhat different than the others. Frozen poultry reflects supermarkets' lowest category share among frozen items (78%). Smaller food stores capture 11% of sales, and warehouse clubs held 7%.

Continued from page 38

those items that tend to be bought on impulse, but aren't necessities. For instance, they sell 3% of the snacks group, 3% of the soft drinks group and 9% of the beer group. Among grocery staple items, only milk (4%) is a strong category for the C-stores. Bread, eggs, refrigerated juices and essential paper goods are not high share items for these outlets.

If it weren't for tobacco products, especially cigarettes, many convenience stores would probably be hard-pressed to survive. Tobacco ranks as the item in which convenience stores have their highest share of overall unit sales. They sell 12% of all cigarettes and other tobacco related items. In no other product category do they approach that share.

"Other food stores," the miscellaneous cluster of small grocers and specialty food retailers, may too often be overlooked by supermarket operators as serious competition. The truth is that, despite concerns over other classes of trade, these stores remain the most significant rivals for supermarkets in most common product areas.

They have the second-highest share of sales after supermarkets in every group of food categories, with the exception of the candy group. Although they do no more than 11% of any group's total sales, they easily surpass the combined shares of both convenience stores and warehouse clubs in every category group.

"Other nonfood stores" is the classification for specialty retailers of non-edible products other than drug stores and mass merchandisers. Examples include home centers, hardware stores, toiletry stores, pet shops, pet nutrition centers and photo/camera stores. However, liquor stores as well as the retail outlets operated by soda and beer distributors are also classified here by Nielsen Marketing Research.

The average household makes about 81 shopping trips a year to a grocery store. That's triple the number of visits to mass merchandisers and other nonfood specialty stores, and far exceeds jaunts to drug stores and warehouse clubs.

While the average supermarket transaction ($22.75) pales alongside that of warehouse clubs ($56.68) and even trails the mass merchandisers ($28.06), the greater frequency allows supermarkets to bring in by far the largest share of household spending in retail stores.

Nielsen's research puts average household spending in grocery stores at $1831.56 a year, compared to $755.72 in mass merchandise units, $452.43 in other nonfoods outlets and just $378.42 in clubs.

Clearly, the supermarket remains the most important class of trade to most consumers when it comes to food and the most-closely aligned merchandise categories. While there is no question that other retailers have taken some volume away from supermarkets, in most categories the amount is not significant.

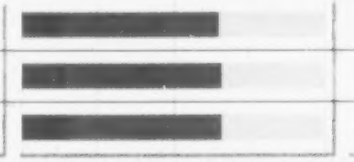
Again, the issue becomes more complicated in nonfoods, as the lines between competitors in a growing number of overlapping product categories continue to blur, offering more and more of the same products to consumers.

"Class of trade" and "level playing field" debates will doubtless rage on between the retail buyers and their suppliers. But consumers will continue to opt for the combination of convenience, quality, selection and price that best suits their needs — and that is by far most often the supermarket. ■

General Merchandise

AUTO SUPPLIES

How Supermarkets Compare



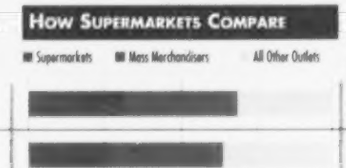
Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Auto Wax/Cleaners/ Protectants	47.8	13%	0%	2%	2%	8%	52%	22%
Motor Oil	537.3	15%	1%	2%	2%	3%	51%	28%
CATEGORY TOTAL	**585.1**	**15%**	**1%**	**2%**	**2%**	**3%**	**51%**	**28%**

Auto supplies are dead last on the supermarket share of sales hit parade. Only 15% of the group's sales goes through supermarkets. Mass merchandisers receive the majority of sales (51%), with other nonfood stores including auto supplies, home centers and service stations selling 28%.

MISC. GENERAL MERCHANDISE

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Batteries	491.3	31%	1%	1%	3%	17%	38%	10%
Film	302.2	27%	1%	1%	3%	24%	37%	8%
Hosiery	395.9	40%	0%	0%	3%	18%	35%	3%
Garden/Lawn/ Plant/Supplies, Food	221.0	15%	1%	1%	2%	10%	46%	25%
Video Tapes, Purchase	162.1	15%	0%	6%	2%	13%	45%	19%
CATEGORY TOTAL	**1,572.5**	**29%**	**1%**	**1%**	**3%**	**17%**	**39%**	**11%**

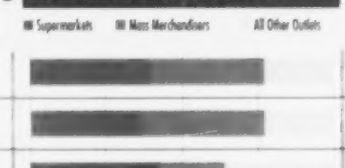
Mass merchandisers lead almost every category in this wide array of products, selling 39% of the total. They are strongest in sales of garden supplies and video tapes (46% and 45% respectively).

Supermarkets sell 29% of the group total, but they sell 40% of hosiery (compared to 35% for mass merchandisers). Drug stores also do well in this group, with a 17% share of the total, and a 24% slice of the film business. Other nonfood stores, while selling 11% of the total, account for 25% of the sales of garden supplies. Warehouse clubs are relatively strong in sales of blank video tapes (6%).

HEALTH & BEAUTY AIDS

BABY/CHILDREN'S HBA

How Supermarkets Compare



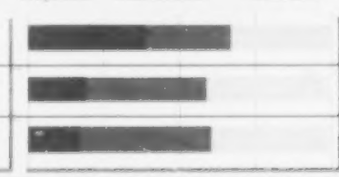
Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Baby Lotion	11.8	40%	0%	0%	3%	15%	37%	5%
Baby Oil	29.4	37%	0%	1%	3%	18%	40%	1%
Baby Ointments	11.6	43%	1%	1%	3%	23%	21%	8%
Baby Powder	41.3	40%	0%	1%	3%	20%	34%	2%
Baby Bath, Liquid	13.5	50%	0%	0%	1%	13%	31%	5%
Children's Cold Remedies	23.4	47%	1%	1%	4%	26%	20%	1%
Pediatric Analgesic	25.1	52%	2%	0%	4%	24%	16%	2%
Children's Vitamins	17.4	53%	0%	0%	6%	15%	24%	2%
Baby Bottles and Nipples	83.9	38%	1%	0%	3%	15%	35%	8%
Baby Accessories	63.8	24%	0%	0%	2%	12%	48%	14%
CATEGORY TOTAL	**321.2**	**39%**	**1%**	**0%**	**3%**	**17%**	**34%**	**6%**

The majority of sales of health and beauty aids for babies/children are divided among supermarkets (39%), mass merchandisers (34%) and drug stores (17%). Supermarkets sell about half of all children's vitamins, analgesics, cold remedies and bath liquids. Mass merchandisers sell more baby accessories (48%) than the other outlets. The baby accessories category is the only one in the group representing any substantial share of business for other nonfood stores (14%). Mass merchandisers outsell drug stores in most of the categories in this group, with the only exceptions being cold remedies and analgesics.

COSMETICS

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Acne Remedies	55.0	39%	0%	0%	3%	28%	28%	2%
Blusher	25.0	19%	0%	0%	2%	34%	40%	5%
Face Powder	37.0	19%	0%	0%	2%	33%	42%	4%

Mass merchandisers and drug stores share 75% of overall cosmetics category sales. Supermarkets sell about a quarter of the group. It will be interesting to see if a shift in the distribution materializes as more supers introduce cosmetics service counters. Acne remedies are a different story, with supermarkets outselling

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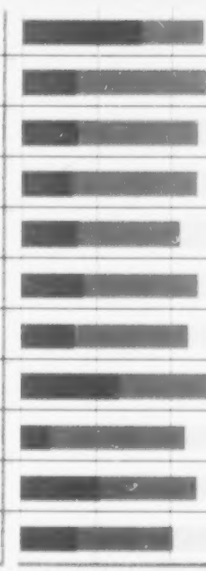
Source: Nielsen Marketing Research

HEALTH AND BEAUTY AIDS continued on next page

HEALTH & BEAUTY AIDS

COSMETICS

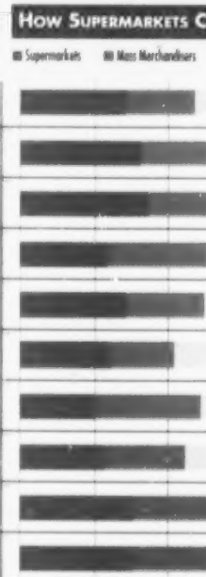
(Continued from page 66)



Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Foundation, Liquid	42.2	18%	0%	0%	2%	33%	44%	3%
Eye Liner	44.4	19%	0%	0%	3%	35%	40%	3%
Eye Shadow	37.4	17%	0%	0%	1%	35%	42%	4%
Lipstick/Lip Gloss	83.1	19%	0%	0%	1%	38%	34%	6%
Mascara	56.6	21%	0%	0%	2%	36%	38%	3%
Nail Polish	89.9	18%	0%	0%	3%	37%	38%	4%
Nail Polish Remover	50.5	33%	1%	0%	4%	27%	31%	4%
Perfume/Cologne, Women's	23.1	10%	0%	0%	2%	39%	45%	4%
Facial Cleansers, Lotions, Creams	126.3	27%	1%	1%	4%	32%	32%	3%
Cosmetic Accessories	12.8	19%	0%	0%	1%	45%	32%	3%
CATEGORY TOTAL	**683.4**	**23%**	**0%**	**0%**	**3%**	**34%**	**36%**	**4%**

(Continued from previous page)
both drug stores and mass merchandisers (28% each). However, the mass merchants command the largest individual share of such traditional makeup items as foundation, powder, eye shadow and eye liner.They also lead the pack in selling fragrances (45%), while drug stores have a 45% share of cosmetics accessories volume. Sales of cleansers and nail polish removers are fairly evenly divided

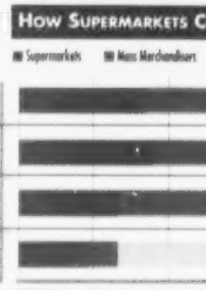
FIRST AID/ SKIN CARE



Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Athlete's Foot Remedies	20.7	36%	0%	0%	4%	34%	23%	3%
Adhesive Bandages	91.3	41%	1%	2%	4%	26%	24%	0%
Cotton/Cotton Swabs	159.7	44%	0%	3%	5%	19%	27%	2%
Body/Talcum Powder	23.8	30%	0%	2%	3%	29%	34%	2%
Lip Balm	49.6	36%	1%	0%	3%	30%	26%	4%
Sunburn Remedies	8.2	31%	2%	0%	4%	41%	21%	1%
Sunscreen/Suntan Products	21.4	26%	1%	1%	2%	31%	35%	3%
Corn/Wart Removers	42.0	29%	0%	0%	3%	37%	27%	4%
Groin Irritation Remedies	2.5	38%	2%	0%	1%	25%	34%	0%
Hand and Body Lotion	182.6	38%	0%	2%	4%	23%	30%	3%
CATEGORY TOTAL	**601.7**	**38%**	**0%**	**2%**	**4%**	**25%**	**28%**	**2%**

between supermarkets, drug stores and mass merchandisers.
More first aid products are sold in supermarkets than in any other retail stores, with 38% of the category's volume moving through supermarket checkouts. Supermarket sales are especially strong for two of the three largest sellers in the group, bandages (41%) and cotton (44%). Hand and body lotions are the overall best sellers in the classification, and supers hold 38% of that business. Although mass merchandisers (35%), drug stores (31%) and supermarkets (26%) are splitting sales of suntan lotion and sunblocks fairly evenly, consumers seem to associate pain relief with drug stores, which sell 41% of all sunburn remedies compared with a 31% share for supermarkets and 21% for mass merchandisers.

HAIR CARE



Percent of Sales by Class of Trade	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Conditioners/Creme Rinses	274.5	42%	0%	1%	4%	20%	30%	3%
Shampoos	581.7	45%	0%	2%	4%	18%	29%	3%
Shampoo/Conditioner Combinations	25.0	33%	0%	4%	4%	24%	33%	2%
Hair Coloring, Men's	10.6	13%	0%	0%	3%	61%	20%	3%

There are four essential grooming items according to unit sales; shampoo, conditioner, hairspray and styling mousses/gels. Supermarkets (37%) and mass merchandisers (34%) are the most popular suppliers of hair care products, followed by drug stores with 22% of the volume. Supermarkets pull in especially high shares of the shampoo (45%) and conditioner (42%) business. Some variations in purchasing
(Continued on next page)

Source: Nielsen Marketing Research

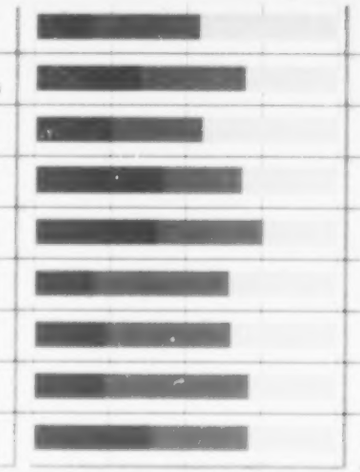
HEALTH AND BEAUTY AIDS continued on next page

HEALTH & BEAUTY AIDS

HAIR CARE

(Continued from page 68)

How Supermarkets Compare



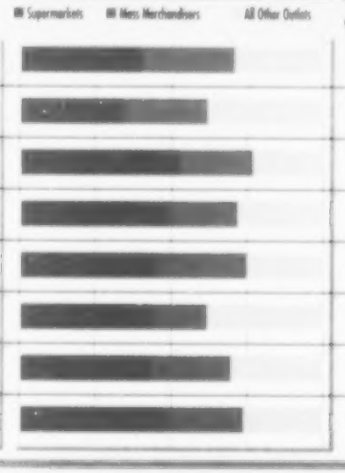
Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Hair Coloring, Women's	101.9	18%	0%	0%	2%	38%	38%	4%
Hair Styling Preparations/Gels/Mousses	212.9	34%	0%	1%	3%	24%	35%	3%
Hair Preparations, Men's	17.7	26%	0%	0%	4%	35%	29%	6%
Hair Sprays, Men's	17.4	42%	0%	0%	2%	24%	26%	6%
Hair Sprays, Women's	335.0	40%	0%	1%	3%	19%	35%	2%
Home Permanents	18.2	19%	0%	0%	3%	31%	45%	2%
Combs and Brushes	92.4	23%	1%	0%	3%	26%	42%	5%
Hair Accessories	137.1	23%	0%	0%	2%	22%	48%	5%
CATEGORY TOTAL	**1,824.6**	**37%**	**0%**	**1%**	**3%**	**22%**	**34%**	**3%**

(Continued from previous page)
patterns by gender are evident in various hair care categories when broken down by store format. For example, supermarkets sell 42% of all mens' hair spray and 40% of all the womens' variety — a pretty even breakdown. But drug stores sell 61% of mens' coloring products, and only 38% of womens' formulas, with the same share of the latter going to mass merchandisers.

MISCELLANEOUS HBA

How Supermarkets Compare



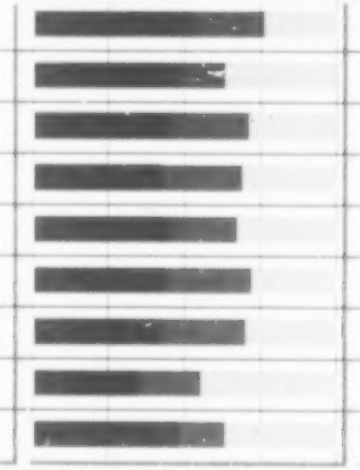
Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Feminine Hygiene Douches	155.8	40%	0%	0%	6%	22%	31%	1%
Feminine Hygiene Sprays	4.7	34%	0%	0%	6%	31%	28%	1%
Sanitary Napkins	378.7	53%	0%	1%	5%	15%	24%	2%
Tampons	179.3	49%	1%	1%	5%	19%	23%	2%
Deodorants/Anti Perspirants	556.9	46%	0%	1%	4%	18%	29%	2%
Adult Incontinence	10.7	44%	0%	0%	2%	36%	18%	2%
Petroleum Jelly	29.2	43%	1%	1%	5%	22%	27%	2%
CATEGORY TOTAL	**1,315.4**	**48%**	**0%**	**1%**	**5%**	**18%**	**27%**	**2%**

Supermarkets cover nearly half (48%) of miscellaneous HBA sales. Mass merchandisers are second with 27%, followed by drug stores with 18%. Other food stores handle 5% of sales. The stellar sellers in the category are deodorants, with over half a billion units sold annually.

ORAL HBA

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Toothpaste	673.3	52%	0%	2%	5%	16%	24%	2%
Tooth Powder	5.9	48%	1%	1%	3%	31%	15%	2%
Mouthwash/Dental Rinse	250.1	46%	0%	3%	5%	20%	25%	2%
Toothbrushes	203.6	42%	0%	1%	4%	23%	27%	2%
Dental Floss	48.5	45%	0%	0%	4%	26%	22%	2%
Denture Cleaners	51.8	43%	1%	1%	5%	19%	29%	2%
Denture Adhesives	40.8	42%	0%	0%	5%	25%	28%	2%
Canker Sore/Gum/ Toothache Remedies	15.8	35%	1%	0%	3%	37%	20%	3%
CATEGORY TOTAL	**1,289.8**	**48%**	**0%**	**2%**	**5%**	**19%**	**25%**	**2%**

Are consumers putting their money where their mouths are? Maybe not in the healthiest way, considering that oral HBA items accounted for just over 1.29 billion unit sales last year (compared with well over nine billion units in candy sales). Toothpaste accounts for about half of all oral HBA sales. But it appears that toothbrushes aren't being replaced as often as the ads claim is necessary, with only about 200 million sold in one year. Nearly half the items in this group (48%) are being checked out through supermarket counters. Mass merchandisers sell one-fourth and drug stores a fifth. Mouthwash is the best item in the group for warehouse clubs, which hold 3% of total sales.

Source: Nielsen Marketing Research

HEALTH & BEAUTY AIDS

OTC REMEDIES

How Supermarkets Compare

Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
Asthma Relief Remedies	11.8	22%	1%	0%	4%	51%	20%	1%
Cold/Sinus Remedies	303.5	45%	1%	1%	4%	27%	20%	2%
Cough Medicine	88.8	43%	1%	1%	4%	32%	17%	2%
Diarrhea Remedies	19.3	44%	1%	0%	5%	33%	16%	1%
▶ Diet Aids	158.8	42%	0%	3%	4%	22%	27%	2%
Eye Drops/Eye Wash	30.5	40%	0%	0%	5%	31%	22%	2%
Internal Analgesics	487.1	50%	1%	2%	5%	20%	20%	2%
Menstrual Remedies	16.5	41%	1%	0%	6%	27%	24%	1%
Hemorrhoid Remedies	23.8	32%	0%	0%	2%	40%	23%	2%
Antacids/Anti-Gas Remedies	333.0	43%	1%	1%	5%	25%	23%	2%
Laxatives	114.8	38%	1%	0%	4%	31%	24%	2%
▶ Nasal Products	54.3	38%	1%	0%	3%	30%	26%	2%
▶ Sleeping Aids	19.3	39%	4%	1%	3%	27%	25%	1%
Throat Lozenges	39.7	40%	1%	0%	4%	37%	16%	2%
▶ External Analgesics	109.8	32%	0%	0%	4%	35%	25%	2%
Vitamins	138.8	37%	0%	0%	4%	32%	23%	4%
▶ Contact Lens Care	145.3	27%	0%	0%	2%	36%	32%	2%
▶ Pregnancy Test, In-Home	8.2	23%	0%	0%	2%	43%	28%	4%
Contraceptives	36.7	22%	1%	2%	3%	54%	17%	2%
CATEGORY TOTAL	**2,140.1**	**42%**	**1%**	**1%**	**4%**	**28%**	**23%**	**2%**

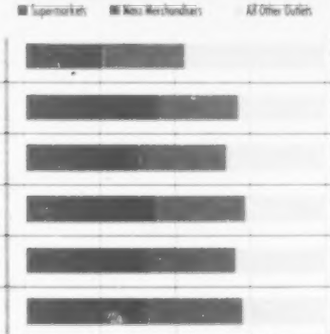
Some people run to the drug store when feeling out of sorts, headachy, stuffed up, dragged out or have trouble sleeping. But more head for the supermarket, where 42% of the sales of over-the-counter remedies for various ailments take place. That compares with the 28% share held by druggists, and the mass merchandisers' 23%.

The best selling items among the non-prescription treatments are analgesics, antacids and cold remedies.

Most asthma sufferers find relief in drug stores, while those troubled with headaches and other pain buy the majority of their needs at supermarkets, which do 50% of total internal analgesic volume. While some insomniacs may be running to convenience stores in the middle of the night for sleeping aids (3% of total sales are done by those units), many more are buying them in supermarkets (39%), drug stores (27%) and mass merchandisers (25%). More than half of all contraceptives (54%) are purchased in drug stores. And for those who aren't using them, the drug stores also sell a healthy share of home pregnancy test kits (43%).

SHAVING NEEDS

How Supermarkets Compare



Percent of Sales by Class of Trade

	All Outlet Unit Volume (millions)	Supermarkets ($2 million +)	Convenience Stores	Warehouse Clubs	Other Food Stores	Drug Stores	Mass Merch.	Other Non Food Stores
▶ Depilatories	9.4	26%	0%	0%	4%	40%	27%	3%
▶ Razor Blades	97.0	45%	1%	1%	3%	22%	26%	2%
▶ Razors (Handles)	15.7	38%	0%	1%	3%	26%	29%	3%
▶ Razors (Disposable)	176.7	44%	0%	1%	4%	19%	29%	2%
▶ Shave Cream, General	130.5	42%	0%	3%	4%	21%	28%	2%
▶ Shave Cream, Women's	9.4	41%	0%	1%	3%	23%	31%	1%
▶ Pre-Shave Products	8.2	36%	0%	0%	4%	25%	29%	6%
▶ After Shave Products	40.7	31%	0%	0%	3%	26%	37%	3%
▶ Men's Shaving Accessories	15.3	22%	1%	0%	2%	31%	34%	10%
CATEGORY TOTAL	**502.9**	**41%**	**0%**	**1%**	**4%**	**22%**	**29%**	**2%**

Judging from the sales of these items, it appears that disposable razors and shaving cream are the top two enemies of stubble, with sales of the former outpacing the more traditional razors and blades.

For the entire group, supermarkets lead the way with 41% of the business. Mass merchandisers and drug stores follow with 29% and 22% respectively. However, mass merchandisers hold the largest share of after-shave product volume, with 37% compared with supermarkets' 31%. The market for womens' shave cream remains small (9 million units sold) compared with general purpose lather at 130 million units.

Source: Nielsen Marketing Research

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